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EDITORIAL

As We See It

It is difficult to view the controversy recently raging in Congress about raising the national debt limit with unmixed emotions. Viewed in one way it appears childish for the Senate to balk at raising the debt limit after having appropriated funds and authorized (if not directed) expenditures so much in excess of revenues that there can be little doubt that sooner or later the Federal Government will be obliged to borrow more than it is now authorized to do. Yet we are far from sure that there is not much to be said in favor of Senator Byrd's attitude. In fact, the Senator has already said a good deal of real merit in support of his position.

The fiscal position of this country is plain as a pikestaff to those who have taken the trouble to study and to follow the developments of recent years. To most of them it is a sad and sorry story. They need nothing further to be impressed with the grave seriousness of this situation. It may be doubted whether the great rank and file are so well informed about it or so convinced of the dire necessity of doing something about it. Refusal at this time to raise the debt limit, and, in general, refusing to deal with the matter as if it were but a routine chore may help arouse the public not so much to the debt limit situation as to the habits of fiscal recklessness and irresponsibility which give rise to necessity for further borrowing.

Senator Byrd's Objective

This is evidently what Senator Byrd has in mind, and there is no one in the country more able to make full use of the occasion for the good of the country, and no one who is in a better

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Savings and Interest Rates

By HON. GEORGE M. HUMPHREY*
Secretary of the Treasury

Secretary Humphrey, extolling saving and thrift as having made America productive, prosperous and powerful, defends higher interest rates as a legitimate stimulus to greater saving. Denies high interest benefits banks alone, and points out the soundness and honesty of money that is saved is of even greater significance than saving. Says Federal Reserve has no "hard money" policy, and refers to Treasury's role in keeping honest money as lying in its handling of the public debt.

Because somebody saved, America grew productive, prosperous and powerful.

Who are the savers in this country and who borrows the money? Why do they save? What stimulates saving and what deters it? Who benefits from saving and why is it so important?


George Humphrey

These are some of the questions that all of us should think through and understand better when we are discussing such controversial subjects as higher interest rates and sound, honest money because they are directly related to each other and just as directly related to the productivity, prosperity and power of America. Let us think of them in order for a moment in the light of the facts and experience.

Who are the savers in America?

Strangely enough, there are more savers in this country than there are borrowers of money (excluding of course the government itself) so that actually there are more people who receive higher interest than there are those who pay it. At once you say, "I doubt that statement," and I think I know the reason why. Obviously a man who has bought furniture, household appliances or an automobile on credit payments is frequently reminded when each payment becomes due that he owes that money and must

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*An address by Secy. Humphrey at the State Dinner of the Annual Governors' Conference, Seattle, Wash., Aug. 3, 1953.

Funds Use Cash Reserves To Buy Utilities

By HENRY ANSBACHER LONG

Purchases of both electric and gas utilities exceed those of the previous quarter as investment company managements exercise rights to subscribe to several new offerings. Oils, chemicals and rails continue in favor, with reduced interest in the latter group. Defensive issues such as foods and tobacco popular. Opinion split on the non-ferrous metals, autos and steels.

Investment fund managements dipped into cash reserves during the second quarter of the year in order to take advantage of the several stock offerings made to existing shareholders of public utility companies. Both purchases and sales of the petroleum issues were stepped up somewhat from the preceding three months' period, but the margin between buying and selling has been narrowing since the end of 1952. Waning somewhat in popularity, the rails were still among the top favorites, although superceded in ranking by the natural gas group in which buying was over 60% heavier than in the March quarter. Acquisition of such defensive issues as foods, stores and tobaccos continued at the healthy pace of the preceding six months and several balanced funds took advantage of attractive returns now available on fixed-income securities to buy both bonds and preferred stock.


Henry A. Long

Shift to Senior and Defensive Issues

It should thus be observed that, although over-all purchases of stock were almost twice those of sales, and cash reserves of many funds were decreased, the majority of balanced funds and three nominal stock funds decreased the more volatile portion of their portfolios percentagewise by acquiring senior equity and debt

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SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 34.

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

Worthington Corporation—Warren A. Casey, Security Analyst, Hecker & Co., Philadelphia, Pa. (Page 2)

Thompson Products—August Huber, Spencer Trask & Co., New York City. (Page 2)

WARREN A. CASEY
Security Analyst,
Hecker & Co., Philadelphia, Pa.

Worthington Corporation

Warren A. Casey

Many investors today still associate the name "Worthington" with pumps for heavy industry, as is evident from the still prevailing conservative appraisal of its earnings and prospects. Although some divisions would be still vulnerable to a sudden downturn in the business cycle, the main lines are today serving the most dynamic growth industries in the country.

If you are, as I have been, partial to stocks such as Carrier (air-conditioning), Cooper-Bessemer (gas compressors), American Meter (water meters), Permutit (water treating systems), Elliott (steam turbines), Chicago Pneumatic Tool (air tools), Gardner-Denver (road-building machinery) and the like, then your dish should be Worthington Corp., which is a combination of these all rolled in one. This company now has 14 different product lines manufactured in 22 plants throughout the world and all leaders in their respective fields.

If, as an investor, you are also interested in a company with an enviable record and reputation extending back well over a century ago, now looking optimistically ahead toward increasing sales and earnings, whose stock has an excellent historical and statistical background and yields over 8% from the $2.50 dividend paid the past three years, then Worthington here again should fit the bill.

At the outset, it may be pointed out that Worthington's list of products fall in the following categories:

Air-conditioning and refrigeration, steam turbines, construction equipment, pumps, compressors, engines, steam condensers, steam-jet ejectors, feedwater heaters, V-belt drives, welding positioners, liquid meters, industrial mixers, water treatment apparatus.

Because we are most partial to the air-conditioning and refrigeration industry, we first briefly mention that Worthington is not simply an assembler of room conditioning units, of which we are today witnessing an ever-swelling list. It actually makes more of the components of air-conditioning and refrigeration systems, such as reciprocating compressors, condensers, etc., than any company in America. It now makes room coolers and home air-conditioning systems, while its larger installations include those in the Hotel New Yorker, the Wardman Park Hotel in Washington, the new Aluminum Company Building in Pittsburgh, the Mellon Art Galleries, and many others. Refrigerating equipment installations have been made in plants of Armour, Swift, Texas Company, Gulf Oil, duPont, Dow Chemical, the Atomic Energy Commission and numerous others. Hardly a Johnny-come-lately in this field, Worthington put an air-cooling system in the New York Stock Exchange in 1904-05. Last month, the company announced arrangement of a $25 million loan at 3¾% (evidence of its good credit) to refund $14,250,000 of debt, augment working capital and help finance increased sales and new plant equipment for expansion in the air-conditioning field.

Worthington steam turbines, in sizes up to 25,000 h.p., are commonplace in the electric power generator field and are found everywhere in power plants of public utilities, institutions, municipalities and industrial concerns. In view of the vast programmed expenditures by public utilities up through 1957, this division undoubtedly faces several active years immediately ahead.

In the construction field, Worthington's road paver, the fastest available anywhere in the world, should be in good demand for a long time ahead under the impetus of the need for roads and highways all over the U. S. Worthington also makes portable air compressors, air tools and portable concrete mixers. Two weeks ago, announcement was made that $1,000,000 would be spent within the next nine months to increase output of construction machinery and equipment at the Plainfield, N. J. plant.

While gas engine driven compressors for natural gas transmission pipelines have only been in the limelight during the past few years of the rapid growth of the natural gas industry, Worthington began producing them as far back as 1902. At last reports, over 200 of the larger units totaling 350,000 h.p. have been purchased by pipelines. Some $3 billion will be spent by the natural gas industry during the next three years for equipment, and Worthington seems certain to get its share.

In the liquid meter field, it suffices to say that today over 5,000 cities and thousands of industries use Worthington meters.

Space does not permit a description of the company's activities in each field, but in general where it serves the road-building and construction industry, produces equipment used in steam power plants, in oil producing and refining operations, in chemical processing, in rail, marine and automotive transportation, in the public utility field, including water, electric light and gas, and finally in air-conditioning and refrigeration, it is difficult to see any overall let-down in Worthington's activities for a long time in the future.

On the statistical side, Worthington has earned respectively $5.86 a share in 1947, $5.17 in 1948, $5.11 in 1949, $5.70 in 1950, $5.73 in 1951 and $5.44 in 1952. This year, a strike in the Buffalo plant, which started last October and carried through to mid-February, kept earnings down to $1.02 a share in the first quarter, but the company got up steam in the June quarter and showed $1.68 a share. For the full year, about $5.75—$6.25 seems reasonably certain. At the Annual Meeting in March, able President Ramsey indicated that emphasis henceforth would be on economy of operation and increased efficiency, which might "better our percentage ratio of earnings before taxes, to sales, by as much as 5% to 6%, which would make a sizable difference." As a matter of fact, 5% additional pre-tax profit to present sales of some $140,000,000 annually would mean an additional $3.00 or more a share earnings, ex-EPT. We think next year might show $7.00 a share, conservatively speaking, provided there is no substantial breakdown in the nation's economy.

Net working capital at Dec. 31, 1952 amounted to $45,681,909, equivalent after all debt and preferred stock, to $20.23 a share. Book value of the stock amounted to $42.25 a share. The stock has been on a 50-cent quarterly basis for the past three years, with an extra of 50 cents at the year-end. On this basis, the stock at the prevailing price of 31, yields 6.45% from the regular rate and 8.07% from the amount paid the past three years. Of the $100 million in unfilled orders on hand at the end of 1952, only about 20% represented defense work.

Worthington has 11 plants in this country, with the Harrison, N. J. plant comprising a floor area of 1.3 million square feet. An additional 11 plants are operated abroad by subsidiary or affiliated companies. It has 45 district offices throughout the United States, where broad product selling is done by sales engineers. In each line, there are numerous distributors, with some 240 in the air-conditioning and refrigeration field, for example, to handle and service all sizes of jobs.

Worthington, "the sign of value around the world," has advertised "whether you're air-conditioning a skyscraper, speeding a superhighway to completion, or equipping a hydro-electric plant, it will pay you to get in touch with Worthington." We believe it might well pay the stock-minded to get in touch with Worthington, traded on the New York Stock Exchange. About three years ago we recommended the stock at 18 and consider it just as good a buy today at 31.

AUGUST HUBER
Spencer Trask & Co., New York City
Members, New York Stock Exchange

Thompson Products

August Huber

Among the equities which I would select at this time on the basis of relative value and sound fundamental industry position, is Thompson Products, traded on the NYSE and Midwest Stock Exchange. From an earlier high this year of 61¾, the shares have declined to a present price level around 49. Contrasting with this market performance are the encouraging prospects for 1953. These point to record highs for sales and earnings while during the past week a 10% stock dividend has been declared, supplementing the regular $2 per share annual cash rate.

A leading producer of automotive and jet aircraft parts, the company is strongly situated. Unlike the ordinary automobile parts companies Thompson has achieved greater underlying growth and a strong industry position through successful and imaginative research and engineering. By designing and developing new products, rather than simply manufacturing to a customer's

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More Communications on Robertson's "UN" Article

We are able to accommodate in today's issue some more of the communications received in connection with the views and opinions expressed by William A. Robertson, Member of the New York Bar, in the article "An Inside View of the United Nations" which appeared in the "Chronicle" of July 2. Other commentaries appeared in our issues of July 23 and July 30.

In the article Mr. Robertson described the political conditions that have prevailed (and still prevail) among those countries which are currently, or within the past six years have been, Governors of the World by virtue of holding seats in the Security Council of the United Nations. Mr. Robertson detailed the record of political instability, featured by wars, revolutions and revolts for each country and contended that in view of the record, it is worse than futile to expect them to make any contribution to the peace objective of the United Nations.

Below are some of the remaining unpublished comments that have been received relative to the article. Others will be given in next week's issue.—EDITOR.

HON. JOHN W. BRICKER
U. S. Senator from Ohio

Mr. Robertson's brief summary of the political and economic conditions prevailing in UN member countries is about the best evidence I have seen proving the impossibility of drafting human rights treaties that conform to the American standard of freedom.

John W. Bricker

W. CORDES SNYDER, JR.
President, Blaw-Knox Company, Pittsburgh, Pa.

While close followers of world affairs may be aware of the situation as described by Mr. Robertson, nowhere else have I seen the picture so neatly tied together.

W. C. Snyder, Jr.

This review supports the conviction held by so many Americans that UN activities and deliberations are a potential source of real danger to our nation.

There is, of course, the other view that the United Nations might prove even more dangerous without U. S. membership and that our nation's participation will help to influence and channel the organization's behavior in a desirable direction.

I cannot say which is the better course for the United States: to continue membership and support, or to consider and plan a withdrawal. But I am convinced that so long as the U. S. is a member of the UN, we must have the most loyal and astute representation possible.

Americans must become quicker to defend the U. S. national interest, and slower to assume the burdens and responsibilities that rightfully belong to others. If we become the crutch of the world, no one else will ever walk.

WILLIAM L. GREGORY,
President, Easton-Taylor Trust Co., St. Louis, Mo.

On every point of view, including the economic, the most important thing in the world today is to stop these ridiculous and destructive wars. More than a hundred years ago in this western country, we were dominated by the law of the Colt six-shooter, and men enforced their so-called rights by recourse to killing their neighbors. The only way the thing was finally brought to some reasonable state of order was through the imposition of law and order . . . regular organized legislative, judicial and executive procedures that would control the bad boys.

William L. Gregory

Today, and for all time past, the same condition has prevailed in the world—the bad boys who are strong enough start wars and take what they want. They can be controlled by no other machinery than some international body, capable of making and enforcing laws. It would seem that an attorney would understand this and not fight desperately against the establishment of any such organization, regardless of its immediate or even potential effectiveness.

Mr. Robertson, of course, does not like the United Nations. It happens to be the world's very finest effort to establish international law and order and it is

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Regular Features

*Column not available this week. †See "Mutual Funds Use Cash Reserves to Buy Utilities," on cover page.

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Adhesive Profits

By IRA U. COBLEIGH
Author of "Winning in Wall Street"

A compressed comment on a company which has, through the years, been making profits and making them stick—Minnesota Mining and Manufacturing Company.

When a hero returns to New York, it has been the custom to salute him with ticker tape. Our salute to today's distinguished performer, however, should, more properly, be done in Scotch tape, since Minnesota Mining has stretched the production of this item to truly epic proportions; and made this tape almost as famous as the whisky of the same name. Remember, also, Scotch whisky comes in fifths, whereas 3M has been coming in first in its field for many years!

Ira U. Cobleigh

Actually this Scotch tape is delivered in a couple of hundred different types. In addition to the dozens of home and office uses which come at once to your mind, it's used widely and increasingly in store packages, in masking or covering parts not to be painted on cars, machines, etc., and for electrical tapes. In 1952 these assorted tape types accounted for probably some 40% of total Minnesota Mining sales.

Great progress and expanded earnings are also notable in a newer filament Scotch tape, very strong indeed. It can seal cartons and heavy duty cases in a manner to replace steel strapping, in many instances.

Further than that, a "tear strip" device for opening, easily, cartons and containers has been perfected. It acts on these packagings in much the same way as its forerunner does in opening your pack of cigarettes or chewing gun. With something like 6½ billion containers a year now delivered, and allowing five or six feet of this one-way filament zipper for each, you can get a good idea as to why 3M sales in this division may double for 1953.

Coated Abrasives

Next in importance to the so-called "pressure sensitive" tapes we've just talked about are something you have heard far less about — coated abrasives. Here again is a diverse line beginning with the common, or garden variety of sandpaper; and moving on to waterproof sheets, abrasive belts, and finally rotary smoothers in disc or cone form. All these are extensively used in those industries working in either wood or metal. The motor car industry is an important customer. These coated abrasives should account for around 18% of gross in 1953.

There's another product of Minnesota Mining which, while not as well known as Scotch tape, is certainly in the public eye — Scotchlite. This is turned out under the Graphic Products Division of the company, and includes an assortment of reflective sheetings. You see these in roadside and billboard advertising, but a more vital use of Scotchlite is for highway safety. The luminous markers that tell you at night when, and which way, a road curves; reflective stop signs; those new red strips you frequently see on the bumper of the car ahead; and the license plates of at least nine states, all bear witness to the unique and expanding usefulness of Scotchlite. Many railways are applying Scotchlite signs in yards and along rights of way.

Also, from the Graphic Arts division comes "Thermo-Fax," a rapid method for copying papers or photographs.

Colored Shingles

Another 3M product to brighten our countryside is colored shingles. Minnesota Mining does not make the shingles, but does provide the roofing granules in some 60 colors. These granules are derived from quartz, and most manufacturers of asphalt shingles buy them not only for coloration but for the protective coating they provide. So the next time you see a sparkling azure or purple roof, or a new housing development with a rainbow roofing effect, quite probably Minnesota Mining will have provided the pigments.

Another thing you hear a lot more about these days is "Underseal." Chances are, if you buy a new car, the salesman will give you a pitch about having your 1953 chariot "undercoated" to prevent rust. Look under a car thus fortified, and you'll see a black tar-like surface everywhere. That's probably "Underseal." It also has a number of uses in all sorts of industrial insulations and coatings.

Let's switch to ribbons. You know how clumsy the average man is when tying up, say, a birthday present with ribbon. Well, Minnesota is making it easier for everyone to wrap things up real fancy, with decorative ribbon products bearing trade names that are an advertising man's dream—"Sasheen," "Lacelon" and "Decorette."

Runs Synthetic Rubber Plant

Just to round out the picture, Minnesota Mining runs a synthetic rubber plant for the government, is developing a new magnetic recording tape that may revolutionize the TV industry by recording sound and pictures, synchronized on a single electronic track; and the company is engaging in extensive research in a field you'll be hearing a lot more about —flurochemicals.

Naturally, in a short piece like this, I've just raced over the list of products. But even such hasty treatment will give you a clue to the amazingly successful production and sales technique of this dynamic company. It starts with research and Minnesota Mining spends around 3% of gross to create, ideate and prove up products capable of great utility, mass sale, and high profitability. On this last point, the record of Minnesota Mining is quite fantastic—in every year in the past decade, except 1945, pretax income exceeded 20% of gross sales!

An Investor's Dream

About growth, it's been an industrial and investor's dream. Sales in 1943 were $47 million. In ten years they had grown to $185 million for 1952, and they are expected to exceed $205 million this year. Between 1946 and 1952, $69 million was added to invested capital, $50 million of it out of retained earnings.

From the investor viewpoint, Minnesota Mining capitalization today consists of $9,200,000 of 2¾% debentures due 1967, 98,000 shares of $4 preferred (now selling around 95) and 8,025,856 shares of common, listed on the NYSE and now quoted around 48. This common has paid some dividend since 1916, and was split 2-for-1 in November, 1945 and 4-for-1 in January, 1951. Present dividend is $1 a year, about 50% of earnings, and since it thus yields only a shade over 2%, it makes no appeal to yield conscious buyers. The present shareholder, and the prospective buyer here, however, considers not so much the cash dividend, as the impressive record of expansion in resources and earning power which this company has demonstrated, not sporadically but consistently through the years. Its ability to research, introduce and profitably manufacture and sell a new product is a classic tribute to our system of private enterprise.

About the future, 3M has an excellent management, and the key officers and directors are themselves large stockholders. They believe in their company, and show it in the most tangible sort of way. Research continues at high pace, and a 1953 sales increase of between 10% and 15% seems highly probable.

MTM is the tape symbol: it is also a symbol for tape! Those seeking an equity with adhesive profits may wish to stick with Minnesota Mining and Manufacturing.

Edwin Trafford Joins Carr & Thompson, Inc.

(Special to THE FINANCIAL CHRONICLE)

EXETER, N. H.—Edwin R. Trafford has become associated with Carr & Thompson, Inc. of Boston. He has recently been active as an individual dealer. Prior thereto he was an officer of E. A. Straw, Inc.

Joins Hamilton Manage't

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Thomas A. Boylan has joined the staff of Hamilton Management Corporation, Grand Avenue Bank Building. He was formerly with Bache & Co.

The State of Trade and Industry

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

Recovery from recent vacation closings saw total industrial production in the period ended on Wednesday of last week, rise slightly and continue to be moderately above the year-ago level. Further, it was close to the highest level reached since the end of World War II.

Contrary to previous seasonal patterns, electric power production rose to a new record level last week.

The rise was attributed by some observers to the substantial growth in air-conditioning.

Consumers, it was reported, have added $411,000,000 in June to their debt on instalment purchases of automobiles, appliances and other goods. This raised total instalment credit outstanding to a record $20,400,000,000 or about $4,400,000,000 higher than a year ago.

Record steel production in the first half of this year is reflected in sharply higher earnings, states "The Iron Age," national metalworking weekly, this week. An "Iron Age" compilation of earnings of 21 steel producers accounting for the bulk of the industry capacity shows these comparisons:

Industry earnings in the first half of 1953 were approximately 45% higher than they were during the first half of 1952. Operations during the first half of 1953 were consistently at high levels, while the 1952 period was plagued by 54-day strike which shut down the bulk of the industry.

Earnings for the second quarter of 1953 were 7.42% higher than they were during the first quarter of 1953.

Increases in steel extra and base prices had little effect on earnings for the first half, but it pointed out, they indicate an even brighter profit picture for most companies in the second half. Most companies raised extra prices early in May, so they were effective for only a third of the first half year. The increase in steel base prices (June 17) following the wage increase of June 12 also raises the earnings potential. But this may be whittled down by cumulative cost increases resulting from the wage-price boost, it further stated.

This week the steel market is a little easier, but you never would believe it after talking to some steel users. Consumers won't believe that the shortage is over until they can place orders for all the tonnage they want and that day is still somewhere in the nebulous future, states "The Iron Age."

Steels biggest customer, the auto industry, this trade authority states, is exerting a little less pressure this week. One midwestern mill had its first large concellation when an independent auto maker cancelled all orders for fourth quarter. The auto maker later called and said it would take 60% of its original fourth quarter orders. The auto company has cars coming out of its ears. The cancellations will have no effect on available steel in the area, concludes "The Iron Age."

Automotive production last week registered a decline from the preceding week as a result of shutdowns by Chrysler Corp. and Packard Motor Car Co. for inventory, "Ward's Automotive Reports" said.

With Nash beginning a "two-week vacation" on Aug. 17, the industry's production for the month will dip 6% under July, "Ward's" added.

The statistical firm said auto makers set a record for output in the first seven months of this year. Production amounted to 3,852,624 units, some 5% ahead of the 3,709,893 assembled in the like period of 1950. That was the record year.

"Ward's" estimated July output at 597,000 cars, a shade ahead of June's 588,579 and just under the 601,469 units put together in April.

Last week, "Ward's" reported, United States plants made 133,204 cars, slightly below the 134,447 of the preceding week and

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Stock Market Performance In France

By A. WILFRED MAY

The Data in This Article Were Collated by the Author During a Recent Visit in France

Here on the New York Stock Exchange, as has been pointed out in this space and elsewhere, the movement of prices is not to be conceived of under the catch-all unit of "the market," but as applied to its component stocks. (Again during the first six months of this year:—while the Dow-Jones Index of "representative" issues was declining by 8.1%, 86 issues rose more than 10%, and 76 issues fell at least one-third.)

A. Wilfred May

Such divergence, both between industries and the issues within industries, likewise occurs abroad.

Demonstrating this in France is the following record of the price performance of representative individual issues on the Paris Bourse since the turn of this year.

Concurrently the leading index of 290 industrial shares rose 8%. We also show their record of divergence since Apr. 1 when the Korean truce negotiations were resumed in earnest. In contrast to our "peace scares," the French investor has reacted quite bullishly to peace news. He feels that any armament slack will be compensated for by the government in badly needed peacetime expenditures—such as to fill the long-standing urgent call for replacement of telephone equipment and of roads. Besides, the price level has been on the low side. The average dividend yield—the French investor emphasizes return to the exclusion of earnings yields—has been 6% on high-grade issues, with lesser quality equities offering returns of 9-12%.

CHANGES IN EQUITY SHARE PRICES ON PARIS BOURSE

	Jan. 1, '53 to date	April 1 to date
Cie. General de Electricite *(Counterpart of U. S. Gen. Elec.)*	plus 10%	plus 10%
Thomson-Houston *(Like U. S. Westinghouse)*	even	plus 5%
T. S. F. *(TV—as R.C.A.)*	plus 25%	plus 15%
Radio Electrique *(Also as R.C.A.)*	minus 25%	minus 20%
Telecommunication	plus 30%	plus 15%
Gillet-Thaon *(Textile)*	minus 5%	minus 3%
Au Printemps *(Department Store)*	plus 20%	plus 10%
Citroen *("General Motors")*	even	plus 20%
Simca *(3rd largest auto mfr.)*	plus 60%	plus 45%
Le Nickel *("International Nickel")*	minus 25%	even
Ouenza *(Iron ore co., Algiers)*	plus 30%	plus 20%
Pennaroya *(Lead)*	minus 20%	even
Pechiney *(Aluminium)*	plus 25%	plus 25%
Cegedur *(Aluminium)*	Minus 5%	Minus 4%
Rhone Poulenc *(Pharmaceutical)*	plus 22%	plus 18%
Cenpa *(Paper)*	minus 25%	even
Distillerie de Bretagne *(Liquor)*	minus 20%	even
Michelin *("Goodyear")*	plus 20%	plus 10%
Ona *(Mining holding co.)*	minus 8%	minus 4%
Oubaghi *(Gold)*	minus 30%	minus 12%
Saint Raphael *(Aperitif)*	minus 5%	minus 5%
Dubonnet	even	even
Vichy *(Mineral Water)*	plus 52%	plus 52%
Cement d' Oranie *(Cement)*	plus 50%	even
Dollfus *(Textile)*	minus 25%	minus 5%
Celluloid Petit Collin *(Cellulose)*	minus 5%	minus 10%
Glaces Nord France *(Affil. with Monsanto)*	minus 30%	minus 15%
T. A. I. C. *(Air Transport)*	plus 10%	even

* * *

The irregularity of performance within an industry is again demonstrated by the course of the leading banks' shares, as follows:

	Price chge. during '53
Credit Foncier	plus 20%
Bank of Indo China	minus 10%
Union Europien	minus 4%
Banque Unione Parisenne	minus 5%
Banque de Paris	even

* * *

In London, too, individual share prices have been moving in contrary directions to an ever greater degree. Thus, on both sides of the Atlantic is there a collection of stocks—not "the market."

Capital Gains Tax Hard On Real Investors

By EWING T. BOLES*

President, Investment Bankers Association of America
President, The Ohio Company, Columbus, Ohio

IBA President says present Capital Gains Tax "locks in" investors who have capital gains, whether such gains are real or illusory. Points out, in switching investments, decisions are now largely based on tax considerations rather than on sound business judgment. Stresses tax's adverse effect on investment in equity capital, and calls attention to restraint imposed by tax on wider ownership of closely held companies. Predicts lower tax rate and reduced holding period will result in increased revenues.

At the very outset let me make it clear that I am not a tax expert, but every working day I do come in contact with the impact of the capital gains tax on investors, issuers, our markets and, yes, our economy. I think it may be helpful, therefore, to the Committee, in the fine work it is doing, to get the practical picture as I see it—primarily from the general area in and around Columbus, Ohio.

Ewing T. Boles

Background

I gather from learned academic studies of the problem before you, like many other similar problems, that standard operating procedure of the expert is first to sample a given universe to ascertain the facts upon which to base conclusions and recommendations, and then in the final report to state very clearly and fairly the nature and extent of the sampling technique used. Perhaps too many of us testifying at hearings such as these who are not experts or technicians, fail to follow these procedures and the weight given our testimony sometimes suffers thereby. I think you may be interested, therefore, in a few calculations which I have made along these lines and against which I would like you to weigh my observations, conclusions and recommendations.

Experience With Problem

I recently held a meeting of our officers, salesmen and other employees in The Ohio Company who advise our customers or prospective customers on the purchase and sale of securities, to ascertain the average number of interviews with customers per business day in which we would get a fairly accurate impression of the impact of taxes generally, and the capital gains tax in particular, upon our customers' investment decisions. Collectively, we agreed that an ultra-conservative figure would be five such interviews per man per business day. As we have 30 such men in The Ohio Company, that is 150 such interviews per day; and in a work year of 250 days that adds up to 37,500 per year. Of course I realize that this figure includes a certain number of duplications, but at the same time it doesn't include discussions which we have with customers, prospective customers and friends outside business hours or like discussions which we have with other dealers in all parts of the country, so I think perhaps double that figure might be more realistic. However, whichever way you want to adjust it, it represents a good-sized sample, in the language of the experts, from which to draw conclusions, especially when it is realized that this goes on year after year. And as all this has to do with a very vital aspect of our business—selling—I think I am close enough to the overall picture fairly to reflect our combined experience with the problem before you.

Just one other point on this matter of background. The vast majority of our customers in and around Columbus are what I would call "real investors" who generally stay with their investments, as distinguished from in-and-out or professional traders. So I wish you would bear this factor in mind also in appraising what I have to say.

The Rate

There can be no doubt, in my judgment, but that the present rate of tax on capital gains makes for serious, unfavorable economic results which, of course, would be alleviated to the extent that the rate can be reduced.

"Boom" and "Bust"

The most obvious effect of the present rate is to **"freeze"** or **"lock in"** investors who have capital gains, **real or otherwise.** This result tends to restrict the available supply of securities in our markets, and I believe most people who have studied this problem are in agreement that this is a very important factor in the action of our markets, particularly on the "up" side. Putting it another way, it tends to accelerate the "booms" in our markets, and the bigger the "boom" the bigger the "bust." I can assure you that we have many customers so "locked in" and I'm sure this is true of brokers and dealers generally. A lower rate, therefore, obviously would tend to level out the peaks and valleys and make for more orderly, broader and more liquid markets.

Inflationary Gains

I spoke of capital gains, **real** or **otherwise.** Without belaboring the point, it must be obvious that many so-called capital gains are illusory in that the capital appreciation dollar-wise, in an inflationary period, is merely a reflection of the decline in the purchasing power or value of the dollar. The Congress recently recognized this situation by granting relief to a home owner, who theoretically had a large capital gain when he sold his old home, but who found out it would cost the same amount of money to buy another home with equal accommodations. Hence he had no capital gain in **fact.** Many people have the same type of gain in equity securities as the result of the inflationary period through which we have been passing and in these cases they are particularly reluctant to sell.

Hanging On

There is a trait peculiar to what I would call "real investors" which is not generally recognized and that is a tendency, quite apart from tax considerations, to hold

Continued on page 28

*Statement by Mr. Boles before the Ways and Means Committee of the House of Representatives, Washington, D. C., July 28, 1953.

Agriculture's Tasks and Goals

By Hon. EZRA TAFT BENSON*
Secretary of Agriculture

Secretary Benson lists as tasks in agriculture: (1) laying out of broad objectives and goals; and (2) riding out the storms "as we sail toward the chosen harbor." Enumerates as difficulties besetting agriculture: (1) excessive stocks of certain commodities; and (2) cost-price squeeze pinching farmers. Holds agriculture is basically sound.

I would be the last to say that all parts of agriculture are alike, or that experience gained in one segment could be transferred to another without modification. The problems of wheat and cotton are different from the problems of poultry and vegetables. The different segments of agriculture are not equally adapted to the use of price supports; they do not experience equally the price fluctuations of the free market, they do not have equal opportunities to solve their problems by expanding markets and they have built up different attitudes regarding the respective responsibilities of Government and the private citizen. Some products are perishable, others are not; some need considerable processing, others none at all. Some products depend heavily on export markets, while others are principally consumed domestically.

Ezra Taft Benson

These differences are genuine; to deny them would be unrealistic. Our studies and our experience strikingly reveal the complexity of agriculture. We have gone far enough in our review of agricultural programs to know that no single solution is appropriate. We should not force any particular program on all of agriculture just because it has been found good for one commodity or for one period of time.

There are two great tasks which confront us in agriculture. One is the laying out of broad objectives and goals. Of this I have spoken on numerous occasions, and I trust that you understand my point point of view. I hope and pray and labor, as do many, many others, for an agriculture which is productive, profitable, responsible, and free from excessive regulation. It wil be difficult to attain that objective or to find agreement on the course we should take to reach it. Nevertheless, this is the harbor toward which most of us would like to sail.

The other task is to ride out the storms along the way as we sail toward that chosen harbor. Most important is to keep the ship afloat and on her course, so that we may reach harbor safely.

Passage is not always smooth. Waves have arisen and fogs of doubt have descended.

Farm Problems

Let me enumerate some of the difficulties which beset us in agriculture.

Excessive stocks are accumulating for certain commodities whose prices are being supported. This is true for wheat, cotton, corn, cottonseed oil and others. It is an anomalous situation that while most of the world worries about meeting its needs for food and fiber we in this blessed land speak of surpluses. We must never forget, however, that substantial food and fiber reserves are a desirable safeguard for any nation.

A cost-price squeeze has been pinching the farmers, cutting their prices while costs stay high, shrinking their incomes and raising misgivings about the future.

Drought has struck in the Southwest, plunging 30,000 farmers and ranchers and their families into distress.

Cattle prices have declined, bringing severe losses to many farmers and ranchers.

Some of these difficulties are the result of natural causes for which no man can be blamed. The problem of excessive stocks, however, comes from mistakes made in former years. High acreage goals were set and restraints on production were eliminated through the declaring of emergencies. Such a policy was temporarily pleasant for farmers, but it has left us with serious adjustment problems.

Some people have capitalized on these problems and have chosen this time to instill unrest among farmers. Evil days are said to be ahead. It is said that the rug is being pulled out from under the farmers. It is said that we are scuttling farm programs. Of course, this is preposterous. These statements are made by those who stand to gain from such fear mongering, and from those who thoughtlessly repeat what more crafty and subtle people tell them. They do not come from responsible people.

Farm Income High

The truth is that net farm income this year, in spite of severe drought, will be about $13.3 billion, which is greater than in 14 of the past 20 years.

With incomes and employment at high levels, customers have an abundant supply of dollars with which to buy food and fiber.

So agriculture is basically sound, despite some trouble spots.

The pitching and tossing we feel as we sail toward the harbor —these are of the wave, not the rock.

Nevertheless we must deal with the storms and squalls that beset us.

The sailor must meet the storms with the ship that he has; he cannot ignore the storm or choose another ship in mid-ocean.

Likewise, the remedies available to us in agriculture under present law may not be all that we desire. But they are what we now have. They may not meet our long-run objectives. Nevertheless, we shall use every appropriate means available in meeting the problems that beset agriculture. The record indicates that this has been done, and done in good faith. We have been solving inherited problems with inherited tools. Permit me this understatement—it has not been easy.

Administration's Accomplishments

These are some of the problems with which we have dealt:

Price support has been given to farm products, as provided by law. We have performed services to agriculture above and beyond the requirements of law, such as the building of additional government grain storage and the granting of loans to farmers for grain stored in the open.

With the help of the cattlemen and the trade we have worked out a beef program of improved merchandising and Army and school lunch purchases.

We have set up a drought relief program for the stricken Southwest, involving emergency credit and low cost feed.

All these operations were undertaken with the best tools we had or could fashion within the time available.

Meanwhile we have been undertaking a broad review of agricultural programs, with a view toward improvement. This will serve as a basis for our recommendations to the Congress, the policy-making body, charged with the momentous task of providing the best possible agricultural legislation by the end of 1954.

We have not been scuttling farm programs; we have been building them.

I report these things so you will know that the Department of Agriculture is discharging its responsibilities under the law. Further than that, we have used and will continue to use the resources of government in the interest of agriculture whenever prudence advises and the law permits. We will not let the farmers down. Government can be a powerful influence for good—or evil. Our purpose should be to use this influence, and to use it wisely.

People ask me whether government and farmers together can build a productive, profitable and free agriculture.

My answer is that in the poultry business and in many other agricultural enterprises, it has been done.

When people say, as they sometimes do, that enterprise, ingenuity and initiative are disappearing from American agriculture, I can point with pride to your industry and others like it, and give a firm denial.

God grant that your efforts and your enterprise may continue to be crowned with success.

*From an address by Secy. Benson before the Convention of the American Poultry and Hatchery Federation, Milwaukee, Wis., July 30, 1953.

From Washington Ahead of the News

By CARLISLE BARGERON

There is not the slightest intention of invidiousness when I say that the death of Bob Taft will have more of an impact upon this country than the death of the President. In this latter unhappy event, Vice-President Nixon would move up to the Presidency, he would immediately be shut off by the Secret Service and acquire the panoply which goes with the office and become "big." He is a man of considerable more ability, in the first place, than is the public impression of him, and the aura of his office would almost immediately endow him with additional and even great capacity. This was the case with Truman and it is a delightful commentary upon our constitutional system that Truman slid into the office with a grace and ease that did not in the slightest disturb the even tenor of our living. This would be the case if Nixon were to succeed to the Presidency.

Carlisle Bargeron

But it is different with the death of Taft, a Senator. This leaves countless millions of Americans leaderless; it leaves them feeling let-down and bereft. They were tremendously down in the mouth when he didn't get the Republican Presidential nomination and they were somewhat dubious when he joined up with Eisenhower in the campaign and went down the line for him. But they took heart when Eisenhower came to lean upon him so much. They felt that in this way they were an important influence in the national government.

Since the Senator's death there has been considerable discussion in Washington political circles as to whether he had not lost some of his Senate following by giving Eisenhower the support he did. Unquestionably some of his Senate supporters were annoyed and given to audible grumbling. But even on their part there was the realization that he was exercising a tremendous restraint upon the so-called "liberal" elements, personified by Dewey, that were pressing in upon the President and who had a strong voice in his councils. The more judicious of them realized that it would have been suicidal had he proved unbending and not sought to have met the other pressures half way.

Under his leadership there was the not infrequent spectacle, o nmajor issues, of Eisenhower getting as much if not more support from the Democrats than the members of his own party. The Democrats have made capital of this; their propaganda has been that they were doing the President a favor; that they were better friends of his than the members of his own party. This is the bunk, of course. They supported the President in these instances because the President was carrying out their policies and it would have been politically embarrassing to them not to have voted in his support. This was strikingly true in the matter of the extension of the Excess Profits Tax, the measure to bring in an additional 200,000 or so aliens, and the higher outlay for foreign military and economic aid.

Taft's counsel among his Republican brethren in the matter of the Excess Profits Tax extension, against tax reduction until a balanced budget is in sight, and on the question of foreign military and economic aid, was effective in behalf of the Administration and it was on such issues as these that he caused considerable unhappiness among his stalwart supporters, but not to the extent of losing them or of preventing their bewilderment at the loss of him now. They frankly don't know what is to become of them.

Their feeling is that the Dewey influence, always strong, but held in check by Taft, will now move in on the President unopposed. Just how many Taft followers have been appointed to jobs of influence, jobs in which they can have some bearing upon Administration policies, is not known. But the fear among the Taft followers now is that they will be gradually purged and that in a relatively short time it will be a Dewey Administration in Washington. Such is the bitterness and suspicion between the two Republican factions.

If it should come about that the Dewey forces now attain the ascendancy it will have a tremendous impact upon the American people. As this writer sees it, the Republican party will become hopelessly rent, the Taft followers will become listless, and the Democrats will gain control of both House and Senate next year. Their chances of winning the House were already better than good.

In this event, Eisenhower would likely embrace the Democrats and work with them to the extent that we would come to have that one-party "sensible liberal" government which so many of our intellectuals have been long prating about. In such a development the so-called "liberal" Republicans would be absorbed. The Republicans as we have known them would be left wandering in the wilderness, inarticulate, leaderless and ineffective.

There is some, but not a very strong, feeling in Washington that Eisenhower in his close association with Taft developed a genuine affection for him and what is more important became imbued with his philosophy. Those of this thinking feel that, as a result, he might resent the new Dewey intrusion as something politically selfish and in such sharp contrast to the motives which animated the statesman Taft and shrink from it, and thus operate towards holding the Republican party together.

But the hostility which he will likely encounter in Congress from those of the Taft school of thought and in the absence of Taft to hold them in line, together with his own lack of party adherence, seems to militate against this. Frankly, I fear the worst.

Earnings of Major Oil Companies

By JOHN H. MYERS
Associate Professor of Business Statistics
School of Commerce, Northwestern University

Prof. Myers makes a comparable estimate of net earnings of five major American oil companies having interests or operations in the Eastern Hemisphere. Finds basic data still inadequate, but points out, since Eastern Hemisphere earnings are so important and subject to high degree of risk, the investor must give consideration to these comparable figures for the several companies in measuring potential future earnings.

First of two articles on U. S. Oil Company Operations in Eastern Hemisphere.

Five of our large oil companies have substantial interests in Eastern Hemisphere operations. However, only Gulf Oil Corporation includes most of those earnings in the reported net income. The other four companies, Socony-Vacuum Oil Company, Standard Oil Company of California, Standard Oil Company (New Jersey) and the Texas Company, include in net income only the dividends received from these Eastern operations. Their substantial undistributed earnings are not included in net income. In every one of these companies' annual reports disclosure is made of the undistributed earnings of affiliates but it is not always possible to pinpoint the Eastern Hemisphere portion of the undistributed earnings. Indeed in two of the companies it is not possible to separate with certainty the Eastern Hemisphere earnings which were distributed and are included in reported net income.

J. H. Myers

The inclusion or exclusion of undistributed earnings results not from deliberate accounting "trickery" by the companies but from a uniform application of a generally accepted accounting principle. In order to present a clear picture of an entire operating unit, good accounting practice permits presentation of consolidated statements. These are made by adding together sales, costs, assets and liabilities of the companies and eliminating any transactions between members of the group. Usually all companies 100% owned are included; those in which the ownership interest exceeds 50% may be included; but those 50% or less owned are excluded because control over their operations is not absolute.

Since the Gulf Oil Corporation owns 100% of the stock of its large subsidiary operating in Kuwait, it is proper for it to follow its current practice of including those earnings in its reported net income for the year. On the other hand each of the other four companies owns an interest of 30% or less in Arabian American Oil Co., and Standard California and Texas each own a 50% interest in the Caltex group of companies, and Standard of New Jersey and Socony Vacuum each own a 50% interest in the Stanvac group. Under this basic principle, these four companies (Socony, California, Jersey and Texas) would not be permitted to include the figures for these Middle Eastern operations in their net income. All they may include are dividends received from these companies. Affiliates in other sections of the world, including those within the United States, are also handled in the same way.

Table I shows the reported net earnings per share for each of the five companies and also shows the addition of the undistributed earnings (after estimated taxes) of all of their unconsolidated affiliates. The annual reports all disclosed the aggregate earnings of unconsolidated affiliates, but these earnings would be subject to income tax when received by the parent company. At present rates dividends from foreign corporations are taxed at 52%; those from domestic companies at 7.8% (15% of 52%). Most of the profits in question are from the Middle Eastern companies most of which are incorporated within the United States. Standard of California shows in its annual report the dividends received from these affiliates and the contribution made by these to after-tax net income. Its figures indicate that taxes are about 15% of the dividends. On the assumption that this same rate would apply when the undistributed earnings were brought home to all five of the major companies, 15% was deducted from the reported figure for undistributed earnings and the remainder reduced to a per share basis. These figures are added in line 2 of Table I to the reported figures shown on line 1 to give "total" earnings in line 3 of Table I. This includes all the earnings, U. S. and foreign, attributable to the shareholders, whether the earnings are held by the parent company, by consolidated subsidiaries or by non-consolidated affiliates.

Although it is not possible to ascertain accurately either from the corporate annual reports or from "Moody's," it seems that most of the undistributed earnings added in Table I are from Middle Eastern sources. In light of the recent Iranian troubles some investors believe that these earnings should be discounted, if recognized at all, in making predictions of the future. If that should be done, it is the *total* Middle East earnings that should be discounted; not just those which have not been picked up by four of the five companies. Gulf's earnings which have been picked up even though not distributed should be eliminated. But even that would not be enough were figures available in the Gulf report, for the proportion of total earnings which are distributed may differ markedly among companies.

Only Standard of New Jersey gives enough of a geographic breakdown to pinpoint any of its earnings as from Middle Eastern operations. The Texas Company is at the other extreme and gives no indication at all of the geographic distribution of its earnings. Socony Vacuum's disclosure is but little better for this purpose. California Standard and Gulf give figures on Eastern Hemisphere operations and the Eastern Hemisphere aggregate can be made for Standard of New Jersey. Since many investors believe risk attaches to all Eastern Hemisphere operations, not just those of the Middle East, and since the Middle East is probably the major contributor to the Eastern Hemisphere earnings, Table II has been prepared showing on a per share basis, total earnings on line 1, on line 2 the Eastern Hemisphere earnings included on line 1, and on line 3 the difference which represents "safe" Western Hemisphere earnings. No account was taken of the "add" factor in Table I for undistributed earnings of non-consolidated affiliates, because it is believed that almost all such earnings were from Eastern Hemisphere sources. Unfortunately Table II required heavy footnoting to explain the method of making a guess at the Eastern Hemisphere earnings of Texas and Socony.

Table III shows price-earnings ratios of these five companies' common stocks on the basis of reported earnings and earnings as adjusted as in the two previous tables.

As expected the ratios are different for the different companies to reflect the many other factors not reflected in past earnings. On all three bases Socony-Vacuum is selling at the lowest multiple of earnings, but among the other companies the order differs on the different bases. Gulf is next lowest on the basis of reported earnings, but is not on either of the other two bases because the reported earnings include the undistributed Kuwait earnings. The other companies change positions on the different earnings bases because of the varying proportion of Eastern Hemisphere earnings to total and because of the varying proportion of those Eastern Hemisphere earnings which are paid to the parent company in cash.

Since the Eastern Hemisphere earnings are so important and yet subject to some degree of risk when being used to predict future earnings, the potential investor must make some adjustment to get comparable figures for the several companies. Probably an ideal solution would be to build up a figure based on Western Hemisphere earnings, plus a fraction of those from the Eastern Hemisphere. Information was available in the published annual reports to make a reasonable approximation on this, but more full disclosure particularly by Socony Vacuum and Texas Company would be desired. If the investor wishes to use a different discounting factor on the distributed than on the undistributed earnings, he will have a harder time, but can make approximations on all companies but Gulf where the facts are not disclosed.

EDITOR'S NOTE—The last of the two articles by Mr. Myers on U. S. oil company operations in the Eastern Hemisphere will appear in the "Chronicle" of Aug. 13.

TABLE I

1952 Earnings Per Share As Reported and As Adjusted for Undistributed Earnings of Affiliates

	Gulf	Socony	S. O. Calif.	S. O. (N. J.)	Texas
As reported	$6.01	$5.27	$6.07	$8.58	$6.59
Undistributed from unconsol. affil.	.15	.97	1.57	.77	1.82
Total as adjusted	6.16	6.24	7.64	9.35	8.41

TABLE II

1952 Estimated Per Share Earnings From Western Hemisphere Source

	Gulf	Socony	S. O. Calif.	S. O. (N J.)	Texas
Total reported earnings	$6.01	$5.27	$6.07	$8.58	$6.59
Estimated from Eastern Hemisphere	*2.23	†1.01	‡1.87	¶.94	§2.13
Net from Western Hemisphere	3.78	4.26	4.20	7.64	§4.48

(*) Estimated net earnings from Eastern Hemisphere as shown in footnote to Gulf financial statements.

(†) Dividends from foreign sources not consolidated as shown in Socony Vacuum income statement, less 15% for taxes. Income from consolidated Eastern Hemisphere sources, if any, is not included in the 1.01. Income from Western Hemisphere foreign operations not consolidated, if any, is included in the 1.01.

(‡) Dividends from Eastern Hemisphere sources, as shown in S.O. Calif. income statement less 15% tax. The company has no Eastern Hemisphere interests which might have been consolidated.

(¶) Estimated earnings from Eastern Hemisphere, less reserve, as shown in separate schedule in Jersey report.

(§) "Dividends from *domestic* and foreign non-subsidiary companies . . . after deducting . . . taxes," as stated in the Texas Co. report. This includes dividends, if any, from a number of companies in the United States and South America. Since Standard of California and Texas Co. each own the same percentage of many Eastern Hemisphere companies, it might be a fair approximation to use the same total amount as used for Standard of California. This amounts to 1.95 per Texas share and leaves 4.64 as the Western Hemisphere net.

TABLE III

Price-Earnings Ratios Based on 1952 Reported and Adjusted Earnings

	Gulf	Socony	S. O. Calif.	S. O. (N J.)	Texas
Price (Close, 7/24/53)	47⅞	34¼	52¼	72⅝	54¼
Price-earnings ratio based on:					
Reported earnings	8.0	6.5	8.3	8.5	8.2
Reported earnings, plus undistributed from affiliates	7.8	5.5	6.8	7.8	6.5
Western Hemisphere earnings only	12.7	8.0	12.4	9.5	12.1

Dealer-Broker Investment Recommendations & Literature

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

Common Stocks and Cash Diviends—Booklet listing alphabetically in its price group stocks which have paid cash dividends every year for from 20 to 105 years—New York Stock Exchange, New York 5, N. Y.

Johnson's Investment Company Charts—Loose-leaf book designed to assist in judging open-end trusts—$30—Johnson's Charts, Rand Building, Buffalo 3, N. Y.

New Share Offerings in Prospect—For Japanese companies—NIKKO Securities Co., Ltd., 4, 1-chome, Marunouchi, Chiyoda-ku, Tokyo, Japan.

New York City Bank Stocks—Comparison and analysis of 17 issues as of June 30, 1953—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Outlook for Business and Stock Prices—Mid-year review plus four-week trial subscription to "Business and Investment Timing Service"—$2—Anthony Gaubis & Co., 37 Wall Street, 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.

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

Wood Product Companies — Comparative tabulation — Pacific Northwest Company, Exchange Building, Seattle 4, Wash.

* * *

Beatrice Foods Co.—Analysis—E. F. Hutton & Company, 61 Broadway, New York 6, N. Y.

Black & Decker Manufacturing Co.—Brief analysis in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall St., New York 5, N. Y. In the same issue are also three selected portfolios. Available also is a list of 40 selected companies with good earnings potentialities.

Chicago, North Shore & Milwaukee Railway Company — Progress report—Link, Gorman, Peck & Co., 208 South La Salle Street, Chicago 4, Ill.

Cluett, Peabody & Co., Inc.—Analysis—Eastman, Dillon & Co., 15 Broad Street, New York 5, N. Y.

Denver & Rio Grande Western—Analysis—Vilas & Hickey, 49 Wall Street, New York 5, N. Y.

Empire State Oil Company—Analysis—Grimm & Co., 44 Wall Street, New York 5, N. Y. Also available is a bulletin on **Westpan Hydrocarbon Company.**

Fairchild Camera & Instrument—Memorandum—Talmage & Co., 115 Broadway, New York 6, N. Y.

Foremost Dairies, Inc.—Study—Allen & Company, 30 Broad Street, New York 4, N. Y.

General Public Utility Corp.—Analysis—Abraham & Co., 120 Broadway, New York 5, N. Y.

Gerber Products Co.—Bulletin—A. G. Becker & Co., Incorporated, 465 California Street, San Francisco 4, Calif.

General Mills—Illustrated annual report—Department of Public Services, General Mills, Minneapolis 1, Minn.

Great Northern Railway — Memorandum — Hirsch & Co., 25 Broad Street, New York 4, N. Y.

Greer Hydraulics, Inc.—Study & appraisal—Selig Altschul, 25 Broad Street, New York 4, N. Y.

P. R. Mallory & Co., Inc.—Analysis—Brush, Slocumb & Co., Inc., 1 Montgomery Street, San Francisco 4, Calif. Also available is an analysis of **Royal Dutch Petroleum Company.**

Montana Power Co. — Memorandum — Auchincloss, Parker & Redpath, 52 Wall Street, New York 5, N. Y.

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

New York Central Lease Line Stocks—Analysis—B. W. Pizzini & Co., Inc., 25 Broad Street, New York 4, N. Y.

New York, New Haven & Hartford Railroad Company—Switch suggestion—railroad bulletin No. 136—Smith, Barney & Co., 14 Wall Street, New York 5, N. Y. Also available is a bulletin (No. 137) on **Denver & Rio Grande Western Railroad Company** vs. **Southern Railway Company.**

Public National Bank & Trust Co. of New York—Memorandum—C. E. Unterberg, Towbin Co., 61 Broadway, New York 6, N. Y.

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

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

Servomechanisms, Inc.—**Bulletin**—de Witt Conklin Organization, 100 Broadway, New York 5, N. Y. Also available is a bulletin on **Temco Aircraft Corporation.**

Sweets Co. of America—Memorandum—Reynolds & Co., 1528 Walnut Street, Philadelphia 2, Pa.

Utana Basins Oil Co.—Progress report—W. D. Nebeker & Co., Pacific National Life Building, Salt Lake City 10, Utah.

Value Line Fund — Prospectus and other data — Dept. CF-1, Value Line Fund Distributors, Inc., 5 East 44th Street, New York 17, N. Y.

NSTA Notes

NATIONAL SECURITY TRADERS ASSOCIATION

The Special Train enroute to the National Security Traders Association 20th Annual Convention will leave Chicago, Union Station at 11:50 a.m. Sunday, Sept. 13 enroute to Sun Valley. Special cars will leave New York and Philadelphia on Saturday, Sept. 12 connecting with the Special train at Chicago.

Arriving in Denver on Monday morning the train will be parked for occupancy in the Union Station.

The Bond Club of Denver and IBA as hosts for the day in Denver have planned a tour which will include Park of the Red Rocks, Lookout Mountain and Buffalo Bill's grave, returning to Denver in time for luncheon. Luncheon for the men will be at the Albany Hotel in downtown Denver which will permit a visit to the Denver Financial Houses and the ladies luncheon will be at "Top of the Park" Park Lane Hotel.

Buses will leave from the Union Station at 4 p.m. for the Woolhurst Club where cocktails will be served from 4:30 until 6:30 p.m., returning to the Special Train for departure at 7:30 p.m. for Salt Lake City.

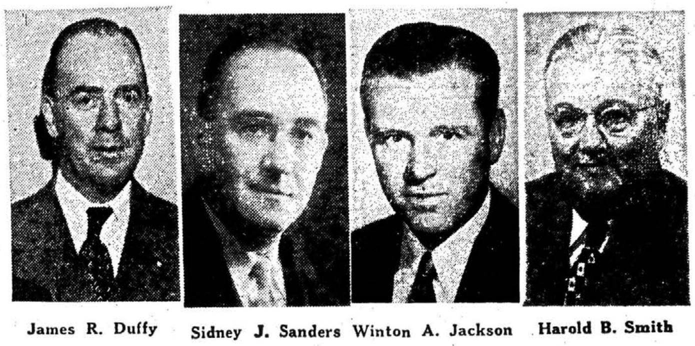
Upon arrival in Salt Lake City Tuesday morning the group will tour historic Salt Lake City visiting the State Capitol, Fort Douglas, Brigham Young's homes and many historic points of interest returning to Mormon Tabernacle for the Organ Recital at noon.

Luncheon will be served in the Starlite Garden on the Roof of Hotel Utah where a panoramic view of the city, valley and mountains may be seen.

Following luncheon the group will be taken to the Utah Open-Cut Copper Mine in Bingham Canyon where we can view the mammoth mining operations and visit the unique mining town of Bingham. The return will be via Great Salt Lake arriving at the station where the Special Train will have been parked in time to leave at 7:00 p.m. for Sun Valley where arrival will be Wednesday morning in time for breakfast.

The Special Train will leave Sun Valley at 1:00 a.m., Sunday, Sept. 20 and the Pullmans will be ready for occupany at 11 p.m. Saturday night. A stop will be made at Kemmerer, Wyoming, on Sunday morning for Church services, arriving Cheyenne late Sunday evening, and at Omaha on Monday morning. The group will visit Boys Town, departing at 11:55 a.m. for the East with arrival in Chicago at 8:40 p.m. Special cars will leave Chicago at 11:20 p.m. with arrival in Pittsburgh Tuesday morning and Philadelphia and New York in the late afternoon.

Mild weather is expected in the daytime but cool nights in the mountains, making medium wraps desirable. Sports clothes are suggested—there will be no need for formal wear.



James R. Duffy — Sidney J. Sanders — Winton A. Jackson — Harold B. Smith

With the closing date for advertising just around the corner, we do recognize and appreciate the work being done by Jim Duffy of Paine, Webber, Jackson & Curtis, Boston; Sid Sanders, Foster & Marshall, Seattle, Wash.; Louis P. Jacoby, Jr., Thayer, Baker & Co., Philadelphia, and John Carothers, H. M. Byllesby and Company, Incorporated, Philadelphia.

Yesterday, we had a marvelous conversation with Winton Jackson of First Southwest Company, Dallas, Texas, who has spirited his group, the Dallas Security Traders Association, into a real campaign. His material is most original and his enthusiasm is beyond anything we have seen in many years, a real spark plug as well as a National Executive member.

K. I. M.

HAROLD B. SMITH, Chairman
NSTA Advertising Committee
Pershing & Company
120 Broadway, New York 5, N. Y.

COMING EVENTS

In Investment Field

Aug. 19, 1953 (St. Paul, Minn.)
Twin City Security Traders Association Annual Golf Tournament and Field Day at North Oaks Country Club.

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. 15, 1953 (Omaha, Neb.)
Nebraska Investment Bankers Association of Omaha and Lincoln annual bond party at the Omaha Country Club. A cocktail party will precede Sept. 14.

Sept. 16-19, 1953 (Sun Valley, Ida.)
National Security Traders Association 20th Annual Convention.

Sept. 17, 1953 (Des Moines, Iowa)
Iowa Investment Bankers Association Field Day at the Wakonda Club.

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.

J. F. Reilly Adds Four to Trading Dept.

J. F. Reilly & Co., 61 Broadway, New York City, announce that Joseph M. Kelly, Jack B. Wielar, Harry Toepfer, and Bernard F. Martin, Jr. are now associated with their trading department. Mr. Kelly and Mr. Wielar were formerly with Eastern Securities, Incorporated.

Jones Joins Bache

(Special to THE FINANCIAL CHRONICLE)

RALEIGH, N. C.—Guy R. Jones has become associated with Bache & Co., 126 South Salisbury Street. Mr. Jones was formerly with Thomson & McKinnon in Charlotte and Atlanta. Prior thereto he was with Abbott, Proctor & Paine.

Thomson & McKinnon Add

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C.—Larry H. Moore is now with Thomson & McKinnon, Johnston Building.

Gold in a Free Economy

By DONALD H. McLAUGHLIN*
President, Homestake Mining Company, San Francisco, Cal.

Deploring failure to make intelligent and effective use of gold in postwar years, gold mining executive says restoring confidence in world's money could check inflation and thus extremes of a deflationary depression could be prevented. Points to our metallic stockpile as a weapon of tremendous might "if we have skill and will to use it." Says conditions following two world wars forced abandonment of gold standard, but stage has now been reached, when standard could be restored. Supports need for higher price of gold.

Among the blunders of the postwar years that give this uneasy period its chief claim for distinction, our failure to make intelligent and effective use of gold may well prove to be one of the most troublesome. Its effects may not be as dramatic as the immediate responses to diplomatic and military decisions, but in the long run the delay in restoring confidence in the world's money, in checking inflation and in preventing the extremes of depression, when the swing toward deflation starts, may be as far-reaching and disturbing to our economic and social order as any of the more spectacular disasters of war. In our vast accumulation of gold—our major metallic stockpile to date—we have a weapon of tremendous and peculiar might if we have the skill and the will to wield it.

D. H. McLaughlin

In the simplest terms, gold is money. Perhaps it would seem more accurate to an economist if I said that gold is the only commodity universally accepted as money. But surely if you have gold any place, you have money. It is the final base of reference for all the devices by which value in terms of money is expressed. For centuries it has been accepted as a medium of exchange, as a means of storing wealth and as a commodity that can at practically all times command services and goods in any land. Its hold on the minds of men has persisted throughout the ages and it is a certainty that its psychological power will continue unchanged as long as trade and property last. Nothing else has the unique assemblage of qualities that makes gold so ideally suited to serve as money throughout the entire world. As a metal, it is distinctive for its color and beauty, for its resistance to chemical corrosion, for its high specific gravity, and for the ease and accuracy with which it can be coined or worked. Furthermore, it is too scarce and costly to find and recover from its deposits ever to become commonplace and cheap; yet it is widely distributed and familiar to all men. It is found in veins of quartz and in other mineral bodies derived from hot fluids that rose from the depths of the earth. It survives the weathering of long ages and even the disintegration of mountains, for it accumulates in their detritus. Its nuggets and flakes are concentrated in the gravels of streams from which even primitive men could recover some of the malleable yellow metal. Yet costly machines and labor and ingenious technology are required to obtain gold in any significant quantities from its orebodies.

Gold cannot be counterfeited—not even by the nuclear physicists—and it is beyond the power of any government, Republican or Democratic, or any dictatorship of the left or right, to add more than a nominal increment to the stocks already in men's hands. With these qualities and properties, is it any wonder that gold has been prized for as long as we have any record of man's cultural activities, and that it is still the one generally accepted commodity capable of serving as a common measure of value of all services and goods?

In the past century of expanding economy and increasing populations throughout the world, monetary systems and procedures of great complexity have grown up, almost of necessity. Behind them, however, has always been gold in well balanced supply in relation to the functions it had to perform—except in such times of worldwide disaster when promises made by governments far exceeded their ability to force payment from future generations.

Supply of Gold Has Increased

A succession of discoveries of great gold fields—those of California and Australia a century ago, those of the Black Hills and elsewhere in the West over the next 50 years, the finding of the extensive deposits of the Witwatersrand in the Transvaal toward the close of the century, and the development of the many mines of the Canadian shield somewhat later — resulted in an annual increment that kept the supply of monetary metal in step with the expanding economy of growing populations. Until World War I, promises to pay were strictly held to a reasonable ratio to gold reserves; currencies were freely convertible into gold and international exchange functioned smoothly with gold available to make the relatively small settlements between the countries of the world in this orderly century of well balanced multilateral trade.

In 1914, the succession of disasters started that still plague the world. Destruction of lives and wealth, social turmoil, revolution and nationalism in its most extreme form under arbitrary leaders with various degrees of power resulted in conditions that no international monetary system could survive. Gold preserved its value through all the changes and disturbances but it could not prevent the monetary collapse brought about by the financing of war and social experiment by excessive borrowing and currency inflation. None of the monetary units survived without drastic depreciations, once their backing by gold was removed. The German mark disappeared entirely—and with it all claims of creditors (bonds, bank accounts, insurance) expressed in it. The franc, which in 1914 could be converted into gold which was worth $0.19 in gold dollars, is now down to three-tenths of a cent, even in today's depreciated paper dollar. And the dollar itself in purchasing power has lost more than half its value in the 20 years that have elapsed since the right to redeem dollars in gold was denied to our citizens.

Forced Abandonment of Gold Standard

No one can reasonably contend that the gold standard—the system of currencies freely convertible into gold at fixed ratios and into each other at the corresponding rates that prevailed up to 1914—could have survived the wars and the extravagances of the so-called peace, even without the shocking expenditures for rehabilitation and rearming of the free world in which we are now involved. The fantastic cost of these adventures could not possibly have been met without excessive borrowing against the future or without consumption of accumulated wealth. Neither of these extreme methods could be employed as long as the discipline of gold was preserved through convertibility of currencies; and consequently that discipline was denied in spite of the shock to all who had counted on the financial integrity of governments.

The monetary system was simply one of the casualties of war and socialistic experiments. To finance the wars and the mounting expenditures of the uneasy peace, convertibility had to be suspended. Paper promises were allowed to expand without more dependable backing than the questionable assurance that they would be repaid in another promissory note. As a result, currencies inevitably depreciated — the dollar included. Good money was borrowed that will never be repaid in units of the same purchasing power. Wealth represented by insurance, bank accounts, bonds and similar obligations expressed in dollars was drastically reduced. This planned depreciation of the currency was nothing less than a capital levy, accomplished in the United States by indirect processes of inflation that were not easily recognized by the voting public.

Probably there was no other way to meet the financial burdens and retain political power, once the country and the world were committed to wars with the economic losses they bring to both victors and vanquished. But it should be noted that through it all, gold has preserved its value. It was the currencies, and not gold, that depreciated when they escaped from its control.

Time for Gold Standard Restoration

We have now, however, reached a stage where there is perhaps some hope that budgets can eventually be balanced—that expenditures can be reduced to totals within range of the returns from taxes — and some measure of monetary stability regained. An essential step in achieving this end is surely restoration of the gold standard, with the dollar and gold made freely convertible at a fixed ratio that *per se* would be neither deflationary nor inflationary—and that would reasonably take into account the immense

Continued on page 32

*An address by Mr. McLaughlin at the Economics Forum-Workshop, South Dakota State College, Brookings, S. D., July 13, 1953.

THE MARKET . . . AND YOU

By WALLACE STREETE

Conforming to rather widely shared expectations, the stock market's try for a resumption of the summer rally ran into overhead resistance in the 275-280 area this week. There were more than just technical considerations, moreover. The rather sudden demise of the plan to hike the Federal debt limit—and concomitant end of inflationary psychology—also gave pause to the traders.

* * *

Until the market works through the forest in which it is now entangled, about all that has been accomplished so far was to broaden the extremely narrow trading range in effect since the year's lows were posted in mid-June. First there was the breakout on the downside last week, followed by the equally abrupt breakout on the topside early this week. The encouraging aspect was that the downward push was considerably less spirited, and more narrow, than the strength that succeeded this momentary development.

* * *

Industrials Outpacing the Rails

Rails are still somewhat short of being the bright hope that had been anticipated. The excellent earnings, well anticipated, came along dutifully. But it was the industrials that pushed through ahead of the rails in setting new recovery highs and the carriers have yet to assume the leadership expected of them.

* * *

On an individual basis, market students continue to stress the generous yields and well-sheltered positions of such leaders as General Motors and Chrysler, U. S. Steel and Bethlehem, but none of it seems to whip up any widespread public appetite. In fact, public interest generally continues at a discouragingly low level despite the still-young indications of at least a temporarily better market.

* * *

Non-Support from the Funds

There is more than a hint that the mutual funds, perforce, have been similarly inactive. Total purchases of fund shares have declined rather sharply from the peak reached in the final quarter of last year. Redemptions have increased moderately. On a bare arithmetical basis, the funds consequently have had some $70,000,000 less to invest in the second quarter than they had at the year-end.

* * *

Moreover, the switching to utilities as the top preference has been mild and casual, certainly not much support for an indecisive market. The disposition seems to have been to wait out the market stalemate with portfolios long since supplied amply with quality issues but conversely giving them little additional support.

* * *

Intensified Selectivity

That a comparative handful of bellwethers has been responsible for both the 1950-52 swing, as well as the 1953 reaction, is widely recognized. Statistical evidence that the persistent gainers able to avoid both the ups and downs were even more selective is furnished by a novel common stock study of the Big Board issues made by Harold Clayton, of H. Hentz & Co. His research turned up only 77 common stocks able to show plus signs at year-end in both 1951 and 1952 and still able to stay in that category in mid-1953.

* * *

What stands out is that none of these favored issues fits into what is normally defined as "growth" groups, at least not in the same all-inclusive way that chemical stocks are usually cited as growth situations per se.

* * *

The list is heavily larded with machinery and tool issues, a group eyed with considerable jaundice by most market analysts since the end of World War II. The only persistently strong rails, of which there are a meager three, are non-dividend payers. Yield and split possibilities aren't of too much consequence to a protracted advance, apparently.

* * *

The machine and tool issues include American Machine, Bridgeport Brass, Briggs & Stratton, Bucyrus Erie, Buffalo Forge, Bullard, Chicago Pneumatic, Combustion Engineering, DeVilbiss, Ex-Cell-O, Gardner-Denver, Jaeger, Outboard Marine, Starrett and Worthington.

Oils are Anderson-Prichard, Pacific Western, Pan-American Petroleum, Texas Gulf Producing and Wilcox. Utilities are represented by Detroit Edison, Hackensack Water, Penn Power, Scranton Electric, S. Carolina Electric, and United Gas Improvement. Rails are Central of Georgia, Colorado & Southern and Peoria & Eastern.

Others of this select group include American Car, American Stores, Anaconda Wire, Book-of-the-Month, Bridgeport Brass, Canadian Brewing, Carrier Corp., Climax Molybdenum, both classes of Columbia Broadcasting, Columbia Pictures, Continental Baking, Cornell Dubilier, Douglas Air, Federal Mogul, Food Fair, Freeport Sulphur, General Baking, General Cable, General Outdoor Advertising, General Realty, General Telephone, Gillette, Great Northern Iron Ore, Greyhound, Halliburton Oil, Hilton Hotels, Hinde & Dauch, Kinney, Lane Bryant, Lehn & Fink, McGraw-Hill, National Dairy, Otis Elevator, Pacific Coast Co., Penn-Dixie Cement, Pepsi, Pitney-Bowes, Revere Copper, Ruppert, St. Regis Paper, Scott Paper, Sperry, Sutherland Paper, Truax-Traer, Union Tank Car, United Aircraft, Universal Pictures and York Corp.

* * *

Altogether, the good performers constitute a list somewhat apart from those so highly recommended recently, as well as those that have seen the bulk of the speculative play as well as the institutional investment demand.

* * *

The candidates on the list aren't through yet either. American Stores, Food Fair, Halliburton, McGraw and Scott Paper are among those that have been able to forge to new highs recently.

* * *

An interesting feature of the recent new highs is that a disproportionate number of petroleum shares have achieved the standing which is particularly surprising in view of the low esteem in which they have been held by the majority of market students.

* * *

As a matter of fact, the new highs, after trailing the new lows since March, finally took over the leadership late last week and since then have run ahead by as much as 4-to-1 to provide one of the main props for the bullish contingent.

* * *

Utilities Scored Most Advances

Group action was so-so for the main industrial groups although the utilities, probably reflecting the mutual fund attention, were able to stretch their string of advancing sessions to more consecutive days than either the industrials or rails could manage. Televisions emerged from a somewhat long siesta to show some mild strength. They stood out mostly because they had been so dormant for so long, however. It was encouraging in a minor way to the many who had settled on a fair hedge of Philco for both its air-conditioning work, which normally comes into attention at about this time, and for its video phase which is expected to show the post-vacation pickup shortly. Up to now the hedge has been an unrewarding one, a description that could fit the market generally in fact.

[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.]

The Investor's Soliloquy

AN ODE DEDICATED TO THE SUMMER STOCK MARKET

To buy, or not to buy: that is the question:
Whether 'tis nobler in the mind to suffer
The slings and arrows of an outrageous market,
Or to take cash against a sea of troubles
And, by selling, end them. To buy, to keep,
No more: and by this keeping, to say we end
The bear trend and the thousand natural shocks
That stocks are heir to—'tis a consummation
Devoutly to be wish'd—To buy, to keep—
To keep? Perchance to margin! Ay, there's the rub!
For in that margining what dreams may come,
When we have shuffled off our buying power,
Must give us pause. There's the respect
That makes calamity of so long a position.
For who would bear the whips and scorns of debit balances,
The broker's interest, the shorts' contumely,
The pangs of dispriz'd appreciation, the market's delay,
The insolence of bankers, and the spurns
That patient merit of the unworthy takes,
When he himself might his quietus make
With a bare short sale. Who would losses bear
To grunt and sweat under a falling market,
But that the dread of something after selling,
The undiscover'd rally—from whose bourn
No short seller returns, puzzles the will
And makes us rather bear those losses we have
Than fly to others that we know not of?
Thus ambivalence does make cowards of us all.
And thus the native hue of resolution
Is sicklied o'er with the pale cast of doubt
And enterprises of great pith and moment,
With this regard, their currents turn awry,
And lose the name of profits.

—By KENNETH WARD
of Hayden, Stone & Co.

E. F. Willett Rejoins F. Eberstadt Staff

Ferdinand Eberstadt, President of F. Eberstadt & Co., Inc., 39 Broadway, New York City, has announced that Edward F. Willett, economist and author specializing in finance, is resuming his association with the firm, of which he was Secretary, Treasurer and a director from 1931 to 1934. He retired from the firm at that time to study for his doctorate in economics at Princeton University.

Edward F. Willett

A former member of the faculties at Princeton University and Smith College, Mr. Willett is author of a number of articles on business and finance and is co-author of the book, "Managing Personal Finances." In 1946 he served as research assistant to Navy Secretary James Forrestal and two years later was staff consultant on the Hoover Commission. Mr. Willett holds the Navy Department Distinguished Civilian Service Award.

Mr. Willett will be a member of the firm's new business department, and among other responsibilities, will conduct special surveys of situations in which the firm has an interest or for which it is acting as financial consultant.

Value Line Enlarges Investment Service

Arnold Bernhard & Co., Inc., announced that starting in August, in celebration of its 15th Anniversary, the Value Line "Investment Survey" will publish quarterly Ratings and Reports on 50 additional companies to total 613 leading corporations under its year 'round study. There will be no increase in the $120 annual subscription fee. The Value Line service, one of the most prominent in the investment advisory field, reaches about 11,000 institutional and individual investors. Its phenomenal success during its relatively short lifetime is attributed to a proven scientific rating formula which reveals whether stocks are cheap or dear. The companies that are being added to the service represent many industries and will include for the first time a group of five closed-end investment trusts to provide the investor with a periodic and critical review of the policies being executed by the larger trusts. The five trusts to be rated and reported upon quarterly are: Adams Express, Atlas Corp., General American Investors, Lehman, and Tri-Continental.

The Practical Workings Of the Capital Gains Tax

By ROSCOE C. INGALLS*

Partner, Ingalls & Snyder, Members, New York Stock Exchange
President, Association of Stock Exchange Firms

Mr. Ingalls points out damaging effects of the Capital Gains Tax on the national economy. Among these effects are: (1) its accentuation of economic fluctuations; (2) its curbing of business transactions; (3) its inflationary impact; and (4) its unfairness and inequity. Brands tax as unwise and economically unsound, making it extremely difficult to mobilize capital for new ventures.

It is the experience of us who are actively engaged in helping the owners of property carry out capital transactions, that the practical workings of the Capital Gains Tax are not clearly understood by those who have not actually felt its impact.

Roscoe C. Ingalls

This lack of clear understanding of the workings of the tax is probably to be accounted for by the fact that the Capital Gains Tax is completely different in its nature from other forms of tax. This difference arises because the taxpayer, purely voluntarily, levies the tax upon himself; there is no compulsion upon him to incur liability for the tax. He can completely avoid it, without any penalty or stigma, by immobility, or by retaining the property until it declines in value, or until he dies.

The fact that the Capital Gains Tax is voluntary in nature accounts for the powerful economic and social effects which flow from it. These social effects are highly damaging to a growing capitalist economy.

A considerable part of the damaging effect of the tax comes about because of the extraordinarily high rate at which it is levied. How high it really is can best be understood by relating it to the level of conventional transfer taxes — under present conditions the Capital Gains Tax is virtually a universal transfer tax on capital. To appreciate why this is so, it is necessary to have in mind that the value of all property in the United States has on average doubled since 1940. Therefore, a piece of property which cost a taxpayer $1,000 in 1940 is now worth, if it has had only average price experience, $2,000 and the act of selling it at that price causes a tax of up to $260, depending on the tax bracket of the seller, to become payable. This tax is equal to 13% of its present value.

Possibly an oversimplified analogy of the effect of the tax would be that of comparing it with a transfer tax on bank deposits. How many depositors would move their deposits across the street from the First National Bank to the Second National Bank if on the way they incurred a tax of 13%? A progressive and dynamic economy such as ours should have maximum flexibility and freedom in the movement of capital. Yet an obstacle to this essential freedom is permitted to persist, and at such a high rate that the transactions which are actually carried out are only a fraction of those that would be carried out if the tax did not exist.

In the past, the Capital Gains Tax has frequently been characterized as a "loophole," presumably because the rate is "low," although how any kind of self-imposed tax can be called a "loophole" is hard to see. It is like calling a tax on furs a "loophole" because it is lower, for instance, than the tax on liquor. The Capital Gains Tax has also been called a "bargain" and this statement has been justified by comparing the Capital Gains Tax rate with income tax rates. This characterization, of course, represents a complete but common confusion of thought between capital and income and fails to take into consideration the voluntary nature of the Capital Gains Tax.

Most Capital Gains Are Illusory

Reverting to the problem of understanding the true nature of the Capital Gains Tax, it is important to appreciate that the inflation of the past 13 years has completely altered the situation since capital gains were first taxed in 1913. At that time the price level had been stable or falling for more than 40 years. The tax affected only the minority of transactions which were concluded at a gain, and the tax was levied at a nominal rate compared to other normal costs of transferring property. Today, however, due to the rise in the price level, the Capital Gains Tax affects virtually all capital transactions, even though due to inflation a large part of the gains are **illusory.**

The Congress has recognized the illusory nature of capital gains in an inflationary economy in one sphere by permitting the tax-free transfer of owner-occupied dwelling, provided the proceeds of sale are reinvested within one year. **At the very least, a similar privilege should be accorded to all forms of capital assets.**

Considering the power over the daily business judgments of our citizens which the present tax situation now exerts, and the stimulating effect on the economy as a whole by the freeing of business judgments from the immobilizing effect of the capital gains tax, the possibilities for doing good in granting relief from this tax seem obvious. At present large numbers of transactions simply don't take place at all because of the paralyzing effects of this tax. Enormous amounts of capital that otherwise would be venturesome are "locked in" by the tax, equity markets are stagnant and meritorious new projects either go unfinanced or fall into the hands of existing companies.

One of the important economic effects of the Capital Gains Tax is that it accentuates economic fluctuations. As prices of capital assets rise, potential liability for the tax increases in a disproportionate manner. This growing potential tax liability is an increasing penalty on sales—a growing deterrent to potential sellers—and therefore results in diminishing the supply of capital assets offered for sale at the very time when it would be desirable for the supply to be increased. Conversely, as prices fall, the penalty on sales diminishes, and when prices reach a point at which holders can take losses rather than gains, the tax provides a positive incentive for making sales. The effect of these forces therefore is to cause prices of all kinds of capital assets to rise higher than they otherwise would during the upward phase of the cycle, and to cause them to drop lower than they otherwise would during the downward phase. This alone is sufficient reason to suggest the wisdom of abolition of the tax.

This, therefore, brings us to the question of the Capital Gains Tax as a revenue producer; the simple fact is that in this respect it is extremely undependable. Under normal conditions capital gains and losses will tend to offset each other, but because it is human nature for taxpayers to refrain from penalizing themselves by incurring liability for the tax, while at the same time they avail themselves fully of loss provisions to minimize current tax liabilities, the tax would, on balance, never produce any revenues at all over a period of time if the loss provisions were not unfair. The only reason the tax is a revenue producer under present conditions is that a tremendous backlog of largely illusory capital gains has been built into the economy as a result of inflation.

"Unfair, Unwise and Economically Unsound"

Under normal conditions, in my opinion, the Capital Gains Tax is unfair, unwise and economically unsound. On one hand it would not—over a period of time sufficient to embrace both the up and down phase of the business cycle —produce any revenues at all, and on the other, it is a powerful inhibitor of economic development. This is the basic reason why such countries as England and Canada have always rejected Capital Gains Taxes when they have been proposed.

I referred earlier to the attitude of taxpayers toward taking capital gains and losses; from the taxpayers' point of view the economics of the Capital Gains Tax are those of price—the tax is simply a price (and an extremely high one) that the owners of capital assets in which a gain exists, must pay for investment flexibility. Now, in general, the economics of price are that the lower a price is, the more money in the aggregate will be collected for the economic good in question—for example, to cut the price of Ford cars in half, would result not in selling twice as many Fords, but some much higher multiple, 4 or 6 or 8 times. It is this circumstance that justifies the belief that revenues from the Capital Gains Tax would be greatly increased if the rate of the tax were to be lowered.

Turning to the problem of the wisest action to take with respect to this tax, the justification for any tax should be considered not only in the light of what it produces in the way of revenues, but also in the light of its general effect on the economy, and thus its effect on the revenues produced by other taxes. Because the Capital Gains Tax in its role of a capital transfer tax, or self-imposed capital levy, inhibits the free play of the judgment of the owners of capital, and because it makes extremely difficult the mobilization of capital for new ventures, it should really have no place in an economy such as ours, which is devoted to competition, to invention, and to progress. Its abolition would markedly stimulate economic activity, and this in turn would increase the productivity of other taxes by an amount far larger than the Capital Gains Tax itself would produce under similar conditions.

However, in the light of practical realities, we in our industry recognize that probably the best that can be hoped for at this time is a reduction in the rate of the tax and a shortening of the holding period. Our proposal in these respects is that the inclusion of capital gains for tax purposes be cut in half, which will have the effect of halving the applicable rate in all income brackets, and that the holding period be reduced from 6 months to 90 days.

The justification for a reduced holding period is that since it is human nature invariably to seek the assured benefits of lower tax rates by holding capital assets for whatever length of time is necessary to ensure that the lowest rate is paid, the holding period might as well be short as long. Moreover, a shorter period would tend to reduce market fluctuations.

Finally, I believe present loss provisions should be liberalized to reflect the inflationary tendencies of recent years. The amount of loss which may be deducted from ordinary income should be increased from $1,000 to at least $5,000 per annum.

*Statement by Mr. Ingalls before the Ways and Means Committee of the House of Representatives, Washington, D. C., July 28, 1953.

Fewel & Co. Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Leonard Wolstein has joined the staff of Fewel & Co., 453 South Spring Street, members of the Los Angeles Stock Exchange. He was formerly with Floyd A. Allen & Co.

John Manning Joins Kelly & Gruzen

John J. Manning, Vice-Admiral U. S. N. (Retired), former Chief of the Bureau of Yards and Docks, U. S. Navy, has joined the firm of Kelly & Gruzen, architects and engineers, 30 Fifth Avenue, it was announced Aug. 3rd. Admiral Manning is to serve as Technical Director in charge of engineering phases of the firm's work.

John J. Manning

He was appointed Rear-Admiral for temporary service in 1943 and reappointed Rear-Admiral the following year. In 1945 he was named Director, Eastern Pacific Division Bureau of Yards and Docks, with headquarters in San Francisco. Later that year he was confirmed as Chief of the Bureau of Yards and Docks of the Navy Department, Washington, and completed four years of duty in that capacity.

A graduate of Rensselaer Polytechnic Institute, Admiral Manning has been awarded the Bronze Star for European and Normandy Operations, the Legion of Merit and the Distinguished Service Medal, as well as the Croix de Guerre with Silver Star from France.

He is a member of the American Society of Civil Engineers, the American Concrete Institute, the U. S. Naval Institute, past President of the Society of Military Engineers, past President of Rensselaer Alumni Association, member of the American Consulting Engineers and a Trustee of Rensselaer Polytechnic Institute.

A well known architectural firm, Kelly & Gurzen has offices in New York, Newark and Jersey City, New Jersey, and Boston, Massachusetts. The firm has designed the first comprehensive high school in New York City, the General George W. Wingate High School, now under construction. It has also designed the new Albert Einstein College of Medicine, to be erected in the Pelham section of the Bronx, and the Boulevard and Van Dyke Housing projects for the New York City Housing Authority.

Securities Exchanges' Role In an Expanding Economy

By EDWARD T. McCORMICK*
President, American Stock Exchange

After portraying briefly the history and development of exchange trading in the United States, President of second largest securities exchange in America describes mechanics of stock exchange trading and its derivative advantages. Holds exchange markets have not been permitted by government to do their proper job to facilitate and stimulate an adequate equity capital market, and lists as recommendations to make equity investment both feasible and attractive: (1) reduction of individual taxes; (2) abolition of Excess Profits Tax; (3) reduction and other changes in capital gains tax; and (4) reduction or abolition of double tax on dividends.

Though I am sure that many of you are sophisticated investors, some of you may not have concerned yourselves with the mechanics of the securities business so, for the benefit of those among you who have not had such experience, I shall attempt to portray briefly, in a sort of bird's-eye view, the history and development of exchange trading in this country. With this background we may all better appreciate and understand the role of the stock exchanges in our economy.

E. T. McCormick

The securities business in the United States had its beginning in the 18th century. At that time, dealings in securities were carried on by Dutch commodity merchants and auctioneers who congregated down in the wharf area of New York in a location which is now known as Wall Street. By 1792, transactions in government and bank certificates had increased to such an extent that twenty-four of these commodity merchants decided to specialize and restrict their dealings to securities, under a minimum commission schedule, at a spot under the famous Buttonwood Tree, which is now 68 Wall Street. There began the first formal specialized securities trading in New York City. For about twenty-five years these men continued their informal dealings and, in 1817, moved inside to the rooms of a local coffee house, setting up a formal organization with rules governing their practices. Such was the early background of the present New York Stock Exchange which, in 1869, adopted the name by which it is now known.

At some date during this period, while these other securities traders were safely ensconced indoors, a hardy and robust group of brokers set up business on the curbs of Broad and William Streets in New York. The best estimate of the time that this group began its dealings is about 1849, when new territories and enterprises were rapidly developing throughout the country. I may mention as a sidelight that this group, which was later to become the present American Stock Exchange, for a long time presented one of the most colorful tourist attractions in New York City. The brokers stood out in the streets in snow, rain, and heat, wearing a multitude of varied-colored caps, hats and blazers, so that they could be identified by their order clerks hanging from the window sills several stories up in the adjacent buildings. Orders were communicated from the clerks to the brokers by a system of hand signals representing various stocks in which they were dealing and the prices at which trades were effected. The trading posts of the day were represented by manhole covers, lamp posts, mail boxes, and the like. The principal function of this group was to provide a market for the hundreds of securities which were not admitted to trading on the indoor market. As late as World War I, this was the market which provided the facilities for the distribution of the securities of new enterprises—the war-brides of the iron, steel, copper, marine, and communications corporations which were then coming into being and expanding tremendously. Trading was carried on from early morning until late in the evening, and the volume was often so great that it exceeded that of the New York Stock Exchange. This group also moved indoors in 1921, having adopted a formalized constitution and trading rules; and now, in a far cry from the old days outdoors, is located in a magnificent 14-story building with a five-story high trading room, probably the most modern trading floor in the world.

*An address by Mr. McCormick at the 12th Stanford University Business Conference, Stanford, Cal., July 22, 1953.

The Two Largest Stock Exchanges

Of the several exchanges in the country, the New York Stock Exchange and the American Stock Exchange are by far the largest, and are the only ones with nation-wide facilities. Their size is indicated by the fact that the American Stock Exchange, although its volume is the second largest, has a yearly volume greater than the balance of all the exchanges in the country combined.

The New York Stock Exchange is of course the oldest and largest stock exchange. It has 1,375 members having in excess of 1,800 offices in 435 cities, and its ticker network includes more than 2000 machines.

Some idea of the nationwide scope of our own operations may be gathered from the fact that the American Stock Exchange, as of the end of last year, was the focal point for transactions in securities by 806 regular and associate members having approximately 1,700 offices in 424 cities and 47 states. These offices are serviced by more than 800 tickers operating in 135 cities.

These American and New York Stock Exchange tickers send from their floors to points as far as Seattle, Washington and Los Angeles, a flash report of the price at which every transaction is effected, within thirty seconds after the sale is made on the floor. As a consequence, customers here in California, and in Washington, Maine and Florida have the same information as to current prices of securities as customers sitting in a board room on Wall Street. This to my mind is an outstanding example of American efficiency and ingenuity.

In addition to the two major New York exchanges there are about 12 regional exchanges. These exchanges are local markets dealing in companies of interest principally to investors in the immediate vicinity of the exchange. In addition, they trade "off the New York tapes." That is, they trade securities listed on the American and New York Stock Exchanges, when and if they can meet the prices as printed on our ticker tapes. (The New York exchanges do not trade each other's securities—their lists are exclusive.) To indicate the extent of this business of trading "off the New York tapes" it is estimated that the third largest exchange, The Midwest Stock Exchange, does in excess of 70% of its business in this manner, Boston 80%, and Philadelphia-Baltimore about 90%.

The Listing and Trading of Stocks

Before a stock is admitted to trading on any national exchange as a listed security the issuer must not only satisfy the exchange itself that the company and the securities meet certain minimum standards, but the company must also comply with the registration requirements of the Securities and Exchange Commission. Once an issue is admitted to listing, after disclosure of the material facts concerning the corporation, its management and its financial affairs, the corporation must thereafter file an annual report of its operations with the exchange and the SEC; must comply with the requirements of the proxy rules under the Securities and Exchange Act in the event of a proxy solicitation; and its officers and directors and 10% stockholders are subject to the profit recapture provisions of Section 16 (b) of the Securities Exchange Act, in the event any of them should effect a short-swing transaction in the listed security at a profit within a period of six months.

As you may have noted, I stated that the exchange brokers as late as the period of the First World War provided the means for the distribution of the securities of new enterprises. Today, however, exchanges do not perform original distribution functions, but limit their activities to trading in outstanding securities and to spreading the ownership of these securities, through their nationwide facilities, among investors in our 48 states and in foreign countries.

Underwriting Syndicates

The work of primary distribution of new issues is carried on by underwriting syndicates in the over-the-counter market. This operation is effected in somewhat the following fashion: A corporation, wishing to obtain fresh money for working capital or for additional plant facilities or other purposes, can negotiate with an underwriter for the sale of a certain amount of securities at a set price. The underwriter, in turn, will negotiate with a group of other underwriters to enter into a purchase contract with the issuer making a firm commitment for the purchase of these securities. The underwriting group, in turn, will contract with a so-called selling group of dealers for the distribution of the securities through dealer-offices. The stocks, if they be equity securities, are sold to the public at a price above the price paid to the issuer, which is called the spread. Out of this spread comes the underwriter's remuneration and also the concession paid by the underwriter to the selling group participant for his sales activities. In this type of business the underwriters, pursuant to their contract, stipulate that on a certain date the issuer will be paid a definite sum of money for a specific amount of securities. If the distribution is unsuccessful for any reason the issuer receives his full payment and the underwriter suffers whatever loss occurs. There is a variation on this method of distribution, to be distinguished from the firm commitment underwriting, known as a "best efforts" deal, in which the underwriter, instead of making a contract with the issuer to take down a specific amount of securities at a set price, will undertake to use his best efforts, as an agent, to sell the securities to the public at a set price within a certain period of time. In this latter case the underwriters and the members of the selling group are paid a commission based upon the amount of securities sold, and the success or failure of the venture is enjoyed or borne by the issuer. After original distribution the stocks are often then listed for trading on an exchange.

Functions of National Securities Exchanges

It is the function of national securities exchanges like my own exchange, to maintain close and continuous markets in the securities dealt in on the floor, and to keep the public currently informed as to such markets. The end purpose of this effort is to provide people with ready facilities for acquiring securities or, conversely, disposing at any time of securities which they hold. I should like to inject here an observation that, in my opinion, one of the greatest protections furnished the investing public today is the immediate printing on the tape of the price and volume of every transaction as it occurs on the floor of our Exchange.

A continuous close market, with its attendant stability, lends a greater collateral value to securities than they might otherwise have. The constant marketability and the increased collateral value of securities dealt in on the floor of exchanges has brought about a public acceptance of the shares of corporations which has made possible the growth of our free-enterprise system. In the absence of a central market place where securities can be readily disposed of in case of personal need or emergency, or reappraisal of the desirability of holding such securities relatively few individuals would invest in equities—the supply of working capital would be reduced, and, in consequence, insufficient money would be available to build the plants and supply the tools essential for maintenance of a maximum labor force. In short, I firmly believe that without our national securities exchanges we could not have enjoyed an expanding economy in this country such as we have had. I make these statements because this growth would in my opinion have been impossible under any but our capitalistic system of which the exchanges are an integral part.

Essentially, capitalism is a system of private productive enterprise, based on the profit incentive. It includes the local blacksmith who has saved enough to set himself up in business, and the giant corporation that organizes the savings of thousands of investors and the work of thousands of employees into productive, profit-making enterprise.

In this system it is the corporation that is the outstanding characteristic of our business life, and it is my view that the development of capitalism to the present high level of productive efficiency would have been impossible without the creation of the corporate form of organization. The corporation has in fact emerged as one of our dominant social institutions. And, it is this unique, artificial personality which has made it possible to bring together the enormous pools of funds labor, and management so necessary to create our modern productive and distributive machinery, and to keep it moving forward.

Providing Channels for Equity Funds

It is the securities industry which has provided the veins for the channeling of equity funds, the lifeblood of our industry, from investors to the factories and mills of our corporate entities. Without it our economy could not exist in its present state any more than a man could live without his heart and arteries. As I have stated, the exchange markets have given general acceptability to corporate securities and made it possible for such securities to emerge as one of the most significant forms of modern wealth. It is important therefore to recognize that our generation and generations to come will continue to use the corporate form as a means of mobilizing our economic forces in a free enterprise system and that the public, through continued confidence in our exchange markets, must continue to be the dominant source of capital for venture investment.

This leads me to a discussion of the questions of (1) whether the exchange markets have properly done the job they should have done to stimulate an adequate equity capital market and (2) whether they have been permitted by Government to do that job.

To indicate the size of the capital-raising task confronting the industry, I wish to refer to a recent National Industrial Conference Board study which shows that the investment per employee in all manufacturing establishments has about doubled in the last six years. In 1945, the capital invested for each production worker was about $5,700. In 1951, this figure increased to approximately $11,000. In the oil, chemical, and public utility industries, the cost of new plants and equipment average over $30,000 per worker. And, in the new United States Steel plant at Morrisville, Pa., it is estimated that the original investment per worker will amount to $90,000.

Assuming an annual increase of 3% per year in gross national product, and capital formation at 15% of gross national product, it is estimated that in the year 1960 approximately $30,000,000,000, in gross private capital formation will be required.

Heretofore retained earnings, depreciation etc., have supplied a major portion of our capital needs, but retention of such earnings by business is becoming increasingly more difficult, because of the heavy tax burden which removes a major portion of gross income. The second major source has been debt financing which has now, however, reached dangerous proportions. To be specific, in 1951 capital was derived, 43% from retained earnings, 51% from debt and 6% from new equity financing.

More Equity Financing Needed

A far greater proportion of this capital should have been raised through the sale of new equity securities. In this connection I do not think that the securities industry has done the job which it should have done.

Perhaps the largest untapped source of fresh equity money is in the hands of the lower and middle income groups whose total savings have increased so greatly over the past decade. While some members of this group hold equity securities directly and others hold them indirectly through participations in pension trusts, mutual funds and other means, it is estimated that by far the greater number are not equity security holders and are generally indifferent toward the purchase of common stocks.

Combatting such indifference presents to the securities industry and to corporations an extremely difficult but also a challenging task, a task they have failed to perform. We have failed to recognize the changing pattern of our market from a professional to an essentially investment type market with the consequent need for concentrating on merchandising.

To perform this merchandising job we must call into play all the educational and psychological talents we can muster. It will require not merely the instilling of confidence in those who have it not, but also the imparting, in simplified language, of information as to the nature of common stock, its rights and risks, and its potentialities for the maintenance of appreciation of values and the receipt of income. Those who can afford to buy common stock, and their number is known to be large, should be roused from their lethargy, and informed that equities provide not only an appropriate but an advantageous means of investment in combination with their other media of insurance, government bonds, savings deposits, etc.

It is apparent from available statistics that funds are available in the hands of individuals for equity investment. Liquid savings of individuals in 1952, as estimated by the Securities and Exchange Commission, totalled $14.6 billion. And total liquid assets of individuals at the end of 1952 have been estimated at $359 billion. This figure does not represent any investment in corporate securities, and $212 billion of the total represents cash or the equivalent of cash, namely, savings bonds, savings and loan shares and bank accounts.

To tap this huge reservoir of funds a sweeping educational program must be done, and to some extent has already been instituted. But the securities business is not alone or principally at fault for the failure of industry to obtain an adequate supply of equity capital. It is one thing for us to educate the public generally in the benefits of common stock investment in the general public interest, but, to make such investment reasonably attractive, it is necessary that the government remove the impediments to equity investment caused by existing tax legislation.

Recommendations

While nothing significant has as yet been done directly by the new regime to remove the road blocks to equity investment set up by previous Administrations, it is sincerely hoped that, in the not too distant future, the following steps may be taken by the Congress to make equity investment both feasible and attractive, namely:

(1) Reduction of individual taxes;

(2) Abolition of the excess profits tax;

(3) Reduction of the capital gains period and the amount of the tax on capital gains;

(4) Major reduction or abolition of the double tax on dividends;

(5) Increase of the capital loss offset.

While there will apparently be no reduction in individual taxes before Dec. 31, this year, I believe that, in the interests of our economy generally, some steps should be taken to relieve corporations and stockholders from the inequitable tax burdens they have been bearing.

You are all familiar with the excess profits tax story so I shall not elaborate upon it. So far as the capital gains tax, double taxation of dividends, and the capital loss offset proposals are concerned, bills have already been introduced in the Congress by Congressman Richard W. Simpson of Pennsylvania and Congressman Hale Boggs of Louisiana, both of whom are members of the House Ways and Means Committee.

Mr. Simpson's bill H.R. 3099, would reduce the capital gains period from six months to three months—would allow individuals to exclude from gross income not more than $200 of dividends received from domestic corporations, and would increase the allowable capital loss offset from $1,000 to $2,000 a year, with a five-year carryover of unused losses. Mr. Boggs' bill, H.R. 3686, would go further—it would cut the capital gains tax rate in half, by including only 25% of long-term gains; would allow individuals and fiduciaries a tax credit equal to 10% of dividends received, and would increase the capital loss offset from $1,000 to $5,000.

Both of these bills are indeed praiseworthy as far as they go, but I hope that they are only the beginning of the complete overhaul of these and other taxes that is so urgently needed.

So far as the double tax on dividends is concerned, my belief is that we should aim for its complete abolition. As we know, under present tax laws, a shareholder is taxed not only on the income of the corporation in which he holds his shares, but, again, when a portion of that income is distributed to him as a dividend. No other form of individual income, whether it be rents, royalties, or interest, is subject to such a dual Federal assessment. To my mind this double tax is one of the prime impediments to equity investment. One of the greatest stimuli that could be given to our capitalistic system and one of the greatest inducements that could be given to corporations to slow their rapid accumulation of dangerous debt obligations would be the abolition of this ill-conceived tax.

I favor as well reduction in the capital gains period from six months to three, or possibly one month, and, in addition, reduction of the rate of the tax itself well below the present 26% figure. Adoption of such a proposal would be beneficial not only to the Treasury, by reason of the resulting increased volume of long-term transactions, but beneficial as well to investors, the securities business and corporate enterprises generally.

So far as the credit for capital losses is concerned, in my mind, there is no real justification at the present time for continuing a limitation on the amount of such losses that may be credited to income. If a man suffers a capital loss in any year, he should be permitted to offset the entire amount of the loss against income, and to carry any balance remaining over into succeeding years until the loss is completely offset.

For the first time in over 50 years, the Congress is now working on a complete revision of the tax laws. Let us hope that it devotes its attention first and foremost to the abolition of existing inequities. Once manifest inequity is admitted, and inequity has been admitted or is evident in each of the above proposals, then its further continuation against any particular class of citizens cannot be justified on grounds of expediency. Substantial justice requires that the tax burden be borne equally by all of us. The securities industry and its members and customers do not request relief from their fair share of the burden, but protest the failure to adjust inequitable and destructive taxes.

To the extent that these inequities are continued, to that extent will the raising of necessary equity capital be retarded, the reliance upon debt financing be increased, and the very preservation let alone the expansion of our economy be endangered. Britain and Canada, in the interests of industrial expansion, have already reduced their taxes. Neither of them have ever had a capital gains tax, recognizing such gains for what they are, as increases in capital and not income. Canada furthermore has seen fit to grant, and then to increase, a credit on dividends received, as a means of facilitating and inducing equity investments. It is high time that our own country recognized that our investors must be given similar consideration.

Given some such cooperation from the Government, the Exchanges will be able to continue as an effective, essential, vital force in our expanding system of free enterprise. But whether such tax inequities are removed from the backs of American investors, or not, we shall continue to do our utmost to provide close and continuous markets in the securities dealt in on our trading floor. We shall continue to maintain a market in which investors can trade with fullest confidence, and shall continue to make such adjustments in our operations as may be required in the interests of investors in our fast growing economy.

In the past years, for example, in recognition of the greatly increased role of the West in our financial affairs, our Exchange took the lead in extending our trading hours from 3 p.m. to 3:30 p.m. And, I may note, as well, that this year our Exchange was, with similar motivation, happy to elect a prominent Pacific Coast investment banker, Stanley E. Symons, as a member of its Board of Governors for the first time in its history.

As an essential element of our system of private enterprise, we are fully cognizant of the need the nation has had, and will always have, for orderly and fair securities markets as necessary ingredients of industrial growth and prosperity. You can be assured that we in the securities business shall always strive to meet such needs as may arise in the future.

Baxter, Williams Opens Phila. Branch

PHILADELPHIA, Pa.—Baxter, Williams & Co., underwriters and dealers in corporate and municipal securities, announce the opening of a Philadelphia office, at 12 South 12th Street. George W. Schwinn, Jr., formerly with Union Securities Corporation and more recently with Baker, Weeks & Co., is Resident Manager of the new branch.

Caution Urged on Credit Controls

Consumer credit experts, at conference sponsored by Columbia University, hold it should be determined first whether country faces inflation or deflation before further credit restrictions are imposed. Hold credit standards have been improved.

The Federal Government would be well advised to maintain a "hands off" policy on credit controls until it is determined whether the country faces a period of deflation or inflation, participants in a consumer credit management program stated at the conclusion of a four-day conference sponsored by the Columbia School of Business, Columbia University, at Arden House, Harriman, N. Y.

Paul L. Selby

Bankers, finance and loan company executives, and credit men from manufacturing and merchandising companies said terms and credit standards had been strengthened materially in recent months. This has resulted in a reduction in customer delinquencies and has greatly reinforced the financial position of the average user of consumer credit.

"There is more capacity for production of appliances than the market can take," said George Mosher, President of General Electric Credit Corp., at a press conference. "Our company is in a more fortunate position than most but credit availability is becoming a serious problem for many dealers." In view of the large excess capacity in the appliance business, Mr. Mosher warned that "all of us will be pressing hard for business."

Mr. Mosher agreed with Paul L. Selby, Executive Vice-President of the National Consumer Finance Association, that the Korean truce and prospective curtailed defense activity pose problems of readjustment. "Productivity is at an all-time high," said Mr. Selby. "There is a surplus in our capacity to produce durable goods of all kinds." He asked: "If we have a restricted consumer credit situation now or in the future, how can we market our tremendous output and maintain employment?"

A more optimistic note was sounded on the automobile situation by Dr. Sidney R. Rolfe, Economist for CIT Financial Corporation: "What is going on in automobiles now is a healthy readjustment. When we appraise the used car situation, it must not be forgotten that we are scrapping some three million cars annually." In 1952, Mr. Rolfe said, four million cars were produced and three million were scrapped. This high rate of scrappage takes many cars off the used car lots, he added.

Although optimistic on the basic position of the automobile industry, Mr. Rolfe noted that less new instalment credit was being extended to automobile buyers. "Everyone seems to look at outstanding volume statistics," Mr. Rolfe said, "which still show gains. Actually, however, there was no increase in April over March in instalment sales of cars, and in May there was a decrease of about $19 million in new volume." On credit controls generally, he suggested that Washington should adopt a "wait-and-see" attitude until the business outlook clears.

Norman Tufte With A. C. Allyn & Co.

CHICAGO, Ill.—Norman I. Tufte, for many years with Paul H. Davis & Co., is now associated with A. C. Allyn & Co., 122 South La Salle Street.

Two Attractive Rail First Mortgage Bonds

By HUBERT F. ATWATER
Gammack & Co., New York City

Securities analyst lists New York Central First Mortgage 3½s and Delaware, Lackawanna and Western Division First Mortgage 4s as sound investments offering attractive yields at current prices.

Recalling the comment of the late Samuel Clemens, I can agree that July has been a poor month to speculate in." For the past 30 days or more there have been few, if any considerable rewards for those who seek a fast buck.

Hubert F. Atwater

But where has all the capital come from to absorb the large amount of new bond issues sold in this period? Even the life insurance group which forecast their disinterest in the new Federal issue of 3¼s found ample funds for the new issues when a compensatory yield was offered. Perhaps also some investors who had the foresight to capture capital gains and have cash on hand joined in creating the active market for new bond issues. There are evidences that such investors are still inclined toward the yield presently afforded by first mortgage issues in the railroad field and it is in this part of the bond market that bargains continue to exist. Offerings are limited, but at current sales prices a very satisfactory return can be obtained, at a time when earnings levels are high.

My first example of a closed first mortgage affording a satisfactory return and promise of appreciation is the **New York Central and Hudson River Railroad** first mortgage 3½s of 1997, selling at 74 or 75.

This issue of less than $100 million is secured by a first mortgage on the 4-track main line from New York to Buffalo. Disregard the branch lines in the State of New York. Think of the substantial amount of the junior liens. For $750 (plus a little interest that will be repaid) an investor can secure $35 cash annually and in 44 years claim a capital gain of 33⅓%. Do the Series E bonds stack up so well?

It is hard to get excited over New York Central stock and its recent declaration of 50c, when its first mortgage debt is selling at 25% discount and the interest thereon is payable out of the total net revenue before taxes, junior interest or dividends.

A second investment opportunity is presented by **Delaware, Lackawanna and Western-New York Lackawanna and Western Division** first mortgage bonds. This issue matures in 1973, only 20 years off, and has recently been declared a legal investment for savings banks and trustees in New York.

Equally secured by a closed first mortgage on the double track main line from Binghamton to Buffalo, the three series of this mortgage are being retired from time to time by voluntary purchase for the sinking fund.

They sell approximately as follows:

Issue—	Price	Current Return
New York, Lackawanna & Western 4s	75	$5.45
New York, Lackawanna & Western 4½s	83	5.50
Delaware, Lackawanna & Western N. Y. Lackawanna & Western 5s	86 bid	5.55

This is perhaps the most profitable segment of the Lackawanna system and constitutes a bridge line for export shipments through the Port of New York and general distribution shipments into New England.

So long as investors view the immediate outlook for stocks with caution, it may well be that more interest will be shown in sound bonds of the type mentioned.

Bullish Factors in Business Outlook

August issue of the National City Bank of New York's "Monthly Bank Letter" points out factors which will aid in keeping business at the current high plateau.

The National City Bank of New York, in the current August issue of its "Monthly Bank Letter," discusses the conflicting views on the business outlook and the widespread sentiment that business as a whole is likely to turn downward. Commenting on the situation, the "Monthly Bank Letter" states that the predominant view gives "indications that something may be substracted from current activity before the end of the year," adding that "the question is, how much."

As to current factors which can aid in maintaining business at its present high level, the "Monthly Bank Letter" states:

"Evidently farmers will give less support than last year to general business activity. On the other hand, urban consumers so far have given more support, and the drop in farm income has not checked the rise in aggregate personal income and buying power. Farm income, adjusted for changes in prices paid in order to measure farm purchasing power, reached its peak in 1947; it has declined moderately since, but the drop has not prevented expansion of general business to new record levels. Farm income is still high by historical comparisons.

"Building expenditures, as distinct from contracts awarded, have run steadily at record levels, and the total volume of work projected assures continued high activity even if there is some drop from the spring peak. Lower automobile production later in the year will cut buying power of the people engaged in the industry, and those selling to it, but it is less likely to lead to widespread unemployment than some may think. A General Motors spokesman has estimated that overtime represents 15% of the hours worked during this period of record production. The first impact of a slowing down may be reduction of overtime rather than large-scale layoffs.

"A reduction in the output of automobiles and appliances in the fourth quarter would not of itself have a decisive effect on steel operations. Automobile manufacturers took 16% of steel output in 1952 and appliance manufacturers only 2½%. Curtailment in these lines would reduce requirements for steel by only a few percentage points. The continuing good demand for steel, with order books now filling into the fourth quarter, has strengthened the opinion that any drop toward the end of the year will be moderate.

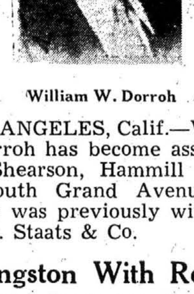
"For a year and a half a cut in defense spending has been regarded as a prime reason for expecting a recession. The argument would have more force if defense spending had been built up in the last few months to the peak once expected. However, the actual trend has been more nearly level, and reductions and economies can hardly be prime factors in cutting defense work for some time to come. By present indications, the annual rate of defense spending is unlikely to drop by more than $3 billion in the current fiscal year.

"As the defense industries make deliveries against their unfilled orders, their inventories will be worked off. Reduction of this kind, however, does not signify forced selling and price cutting. Among other important lines, it would be hard to find many in which it could be shown that inventories are larger than are needed to carry on present production and sales. They will be large if sales turn down greatly, but it is uncertain when that will be.

"A description of the prospect in these terms emphasizes the points where some slackening may be expected, but leaves many supporting factors to be taken for granted. Primarily, the supports are the immense demands of the American people and the ability of the productive organization to satisfy them efficiently, reinforced by the enterprise of management in spending to improve productive facilities, to reduce costs and to bring in new products. The principal requirement for keeping business going is to maintain fair and equitable terms of trade, i.e., to keep down costs through economical operation and high productivity and to set selling prices at levels which will move goods."

Wm. W. Dorroh With Shearson, Hammill Co.

(Special to THE FINANCIAL CHRONICLE)



William W. Dorroh

LOS ANGELES, Calif.—William W. Dorroh has become associated with Shearson, Hammill & Co., 520 South Grand Avenue. Mr. Dorroh was previously with William R. Staats & Co.

Livingston With Reeves

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Bernard Livingston and Virginia C. Lindroth have become associated with Daniel Reeves & Co., 9445 Olympic Boulevard, members of the New York and Los Angeles Stock Exchanges. Mr. Livingston was formerly Studio City manager for Floyd A. Allen & Co. and prior thereto was Hollywood manager for Standard Investment Co. of California. Miss Lindroth was previously with Walston & Co.

Eisenhower Warns of Communist Threat in Asia

President says we are deeply concerned over fate of Indo-China and Iran, which if allowed to get into Communist hands, would dominate India and all Asia.

In the course of an address at the 45th Annual Governors' Conference at Seattle on Aug. 4, President Dwight D. Eisenhower revealed the reasons why this country is so deeply concerned regarding the fate of Indo-China, Iran and other free Asiatic peoples.

Pres. Eisenhower

Speaking on this topic, the President stated:

"I could go on enumerating every kind of problem that comes before the State. Let us take, though, for example, one simple problem in the foreign field. You have seen war in Indo-China described variously as an outgrowth of French colonialism and the French refusal to treat indigenous populations decently. You find it yet described as a war between the Communists and the other elements in Southeast Asia, but you have a confused idea of where is located Laos and Cambodia or any of the other countries that are involved.

"You don't know really why we are so concerned with the far-off southeast corner of Asia. Why is it?

"Now, first of all, the last great population remaining in Asia that has not become dominated by the Kremlin, of course, is the subcontinent of India, the Pakistanian Government.

"Here are 150,000,000 people who are still free. Now let us assume that we lose Indo-China. If Indo-China goes, several things happen right away. The peninsula, the last little bit of land hanging on down there, would be scarcely defensible. The tin and tungsten that we so greatly value from that area would cease coming, but all India would be outflanked.

"Burma would be in no position for defense.

"Now, India is front on that side by the Soviet Empire. I believe you read in the paper this morning that Mossadegh moved toward getting rid of his parliament, and of course he was in that move supported by the Communist Party of Iran. All of that position around there is very ominous to the United States, because finally if we lost all that, how would the free world hold the rich Empire of Indonesia?

"So you see, somewhere along the line, this must be blocked and it must be blocked now, and that's what we are trying to do.

"So when the United States votes $400,000,000 to help that war, we are not voting a giveaway program. We are voting for the cheapest way that we can prevent the occurrence of something that would be of a most terrible significance to the United States of America, our security, our power and ability to get certain things we need from the riches of the Indonesian territory and from Southeast Asia.

"Now, that is the kind of thing that it isn't good enough for someone to decide in Washington. All of us understand, because out of that kind of thing grows the need for taxes. The security of the United States is not just the business of the Secretary of Defense and the Congress and the President and the Secretaries of the services, it's the business of every man, woman and child and, if it is their business, then it is the business of all of us. We need help.

"I don't care what the problem is. I think I can always talk, my friends, just to get back to this one thought: Unless the Governors of the States, I don't give a hoot whether a Democrat or Republican, is in this kind of a job, we are Americans, in the Federal Government, unless we can cooperate on the basis of understanding of the facts and progress steadily, surely and confidently in carrying out a program that we believe will establish the security of the United States, not only from a bomb, from some kind of destructive action of the enemy, but make sure that its surpluses are carried abroad and in return for those surpluses we get back goods that will allow those people to buy our surpluses; unless we have that kind of economic strength we are going to have to live a very different kind of life than we do.

"This can all be done only through cooperation. This is no partisan proposition. We don't have a monopoly on truth or on the facts that affect this country. We must work together."

Sener Nominated For Governor of I. B. A.

BALTIMORE, Md. — Joseph W. Sener, a senior partner of John C. Legg & Company, has been nominated to serve as a Governor of the Investment Bankers Association of America for a three-year term, beginning with the close of the 1953 Convention of the Association.

Joseph W. Sener

Mr. Sener has served in various capacities in the Southeastern Group and is a past Chairman. He is currently a member of the Association's Federal Legislation Committee. He will succeed John C. Hagan, Jr., President of Mason-Hagan, Inc. of Richmond, Virginia, who was appointed in May of this year to serve for the unexpired term of Walter S. Robertson, partner of Scott & Stringfellow of Richmond, who resigned to accept a position with the State Department as Assistant Secretary of State in charge of foreign affairs, and who has recently distinguished himself as a Special Envoy of President Eisenhower and Secretary Dulles to Korea.

Mr. Sener is General Chairman of the joint Community Chest and United Defense Fund Campaign which will be held in the fall, in Baltimore City.

With E. F. Hutton

(Special to THE FINANCIAL CHRONICLE)

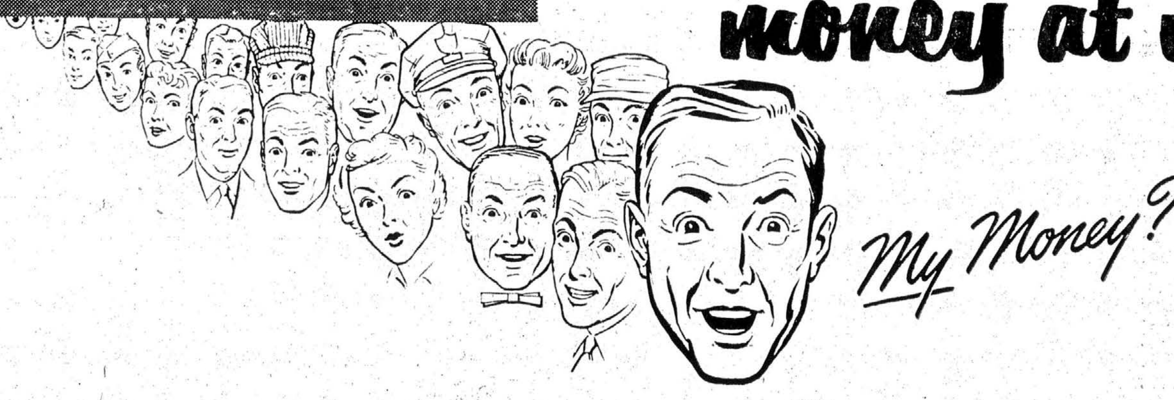
FRESNO, Calif.—Lloyd L. Barber has become affiliated with E. F. Hutton & Company, 2044 Tulare Street. He was formerly with Standard Securities Corporation of Yakima, Wash.

With Pyne, Kendall

Pyne, Kendall & Hollister, 52 Wall Street, New York City, members of the New York and American Stock Exchanges, announce that Justin Lane has become associated with the firm. Mr. Lane, well known in financial circles, joins the firm as a registered representative in the main office.

Associates INVESTMENT COMPANY

Associates keeps money at work



A REPORT FOR THE FIRST SIX MONTHS

CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

	June 30, 1953	June 30, 1952
Cash and Marketable Securities	$ 63,565,016	$ 61,909,640
Receivables:		
Retail motor vehicle installment receivables	$390,294,935	$303,392,085
Wholesale motor vehicle short-term loans	43,518,035	41,992,017
Direct and personal installment loans	34,515,676	30,946,220
Commercial and other receivables	27,832,007	28,637,896
	$496,160,653	$404,968,218
Less: Unearned discounts	28,808,409	21,672,218
Reserve for losses	10,860,629	8,802,489
Total receivables, net	$456,491,615	$374,493,511
Other Assets	4,665,586	3,802,434
	$524,722,217	$440,205,585

LIABILITIES

Notes Payable, short-term	$267,970,700	$267,108,900
Accounts Payable, Accruals and Reserves	25,777,212	22,581,461
Unearned Insurance Premiums	23,689,035	20,210,135
Long-Term Notes	95,005,000	40,000,000
Subordinated Long-Term Notes	37,500,000	22,500,000
Preferred Stock	9,200,000	9,700,000
Common Stock	31,254,720	10,418,240
Surplus	34,325,550	47,686,849
	$524,722,217	$440,205,585

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Six Months Ended June 30, 1953	Six Months Ended June 30, 1952
Discount, interest, premiums and other income	$44,804,470	$37,703,868
Operating expenses	30,127,935	25,961,489
Net income before Federal income tax	$14,676,535	$11,742,379
Provision for Federal income tax	7,875,000	6,200,000
Net income	$ 6,801,535	$ 5,542,379
Consolidated net earnings per share of common stock after payment of preferred dividends	$2.11	$1.71

Yes, *your* money. Associates puts money to work in automobile finance—the pension fund trust held for a school teacher in Minnesota, the savings of a widow in New York, the building fund of a famous university.

Take that school teacher. He's working toward a pension at retirement. He may not realize that Associates is working for his pension fund all the time *he's* working. But it is.

So is *all* the money invested in Associates' common and preferred stock and the money borrowed from banks, insurance companies and trusts represented by medium and long term loans and short term discount notes.

We keep this money working in automobile finance. We bridge the gaps between the automobile manufacturer, the dealer and the customer. We help make mass production and mass distribution possible, bringing the automobile within reach of the average American.

Yes, we keep money at work—money originally invested in insurance policies, held in trust funds for future distribution, deposited in savings accounts . . .

Your money.

Associates Investment Company is principally concerned with the time sales financing of automobiles, and maintains offices in 29 states and the District of Columbia where 81 percent of American population is concentrated.

Other operations include commercial financing for business, and personal and direct loans. Major subsidiaries are Associates Discount Corporation and Emmco Insurance Company.

ASSOCIATES INVESTMENT COMPANY
ASSOCIATES DISCOUNT CORPORATION
and other Subsidiaries
South Bend, Indiana

The Problem of Issuing Gold Coins

By PAUL EINZIG

Commenting on campaign in U. S. to resume gold coinage, Dr. Einzig holds movement has no immediate practical interest across the Atlantic, and there is no likelihood of Britain taking up the idea. Says Britain would require three times its present gold reserve in order to safely issue gold coins. Lays inconsistency to advocates of gold coinage at current gold price.

LONDON, Eng.—The persistent and spirited campaign conducted in the United States in favor of a resumption of the issue of gold coins is followed with considerable interest in many quarters in Britain. The problem is of course of no immediate practical interest on this side of the Atlantic. As far as Britain is concerned the idea was already abandoned in the '30s, and in the meantime conditions have made a resumption of gold coinage for domestic circulation even more unlikely than it appeared to be before the war.

Dr. Paul Einzig

Nevertheless, the chances of the American movement to succeed in its aim present more than academic interest to the British observer. An important question of principle is involved in the attitude of the United States towards coinage. So long as the present American policy is maintained there is no hope for a return to the full gold standard with coins in circulation. Of course, even if the United States were to restore old coinage tomorrow, Britain would have to await a fundamental change in her position before she could even think of following the example. But the example would be there and its presence would hearten many people who feel nostalgic about the "good old days" and who would like to see a return of sovereigns in circulation. As it is, the prolonged absence of that example is apt to lead to the gradual abandonment of the ideal.

As things are, Britain's gold stock is barely sufficient to meet the current commercial requirements of the Sterling Area. The dispersal of a substantial proportion of the gold reserve through the issue of coins is inconceivable. In any case there would be no point in issuing a limited amount. In order to attain the ideal the notes of the Bank of England and possibly those of the other Commonwealth issues would have to be made convertible into coins. In existing conditions this would lead to the disappearance of the entire gold reserve into private hoards of coins. Precisely because the reserve is so obviously far from adequate many people would think that this convertibility is too good to last and would hasten to take advantage of it while the going was good.

In order to bring the resumption of coinage within the realm of practical politics it would be necessary for Britain to hold a gold reserve at least three times its present figure. Although such an increase appears to be at present utterly unlikely it is not impossible. It may take place in three different ways:

(1) Through a spectacular improvement of the Sterling Area's balance of payment with the non-Sterling world.

(2) Through the discovery and exploitation of hitherto unsuspected gold deposits of considerable magnitude within the Sterling Area.

(3) Through a substantial increase of the dollar price of gold.

The possibility of a considerable increase of British and Sterling Area exports cannot be ruled out altogether. It is always conceivable that Britain might develop new industries with extensive markets in the dollar area. What is more likely is that a large proportion of the uranium requirement of the United States might be met through exports to the Sterling Area. In view of the prospects of expanding demand for uranium the proceeds of these exports might well make a considerable difference to the gold position of the Sterling Area. Even allowing for this and for the possibility of other unknown factors in the situation, it seems unlikely that in itself an improvement of the balance of payments could produce a sufficiently large gold reserve to render the resumption of coinage practicable. Nor is there much hope for a dramatic increase in the Sterling Area's gold output. Possibly a higher dollar price of gold might lead to an increase of the output in South Africa and elsewhere, but even allowing for a favorable balance of payments the amount of gold retained and imported is likely to fall considerably short of the minimum requirements of coinage for many years to come.

The only hope for being able to increase the gold reserve to the required level within a reasonably short time lies in the slender chances of an eventual increase of the official American price of gold. Not only would it result in a corresponding increase overnight in the amount of the Sterling Area gold reserve but it would also greatly assist the Sterling Area in achieving a favorable balance of payments and in increasing its gold output. A doubling of the American price of gold might easily result in a trebling of the British gold reserve within a relatively short time. A resumption of gold coinage would then become practicable.

It would be, of course, absurd to suggest that the United States should double the price of gold for the sake of enabling Britain and other countries to resume the issue of gold coins. No major American interests are involved in the resumption of coinage abroad. An increase of the dollar price of gold would be necessary, however, if the United States itself wanted to revert to the issue of gold coins. For in spite of the formidable size of the American gold reserve it would not be nearly sufficient at present to meet the requirements of convertibility into coins. The dispersal of a very large proportion of the gold reserve would produce a deflationary effect unless it was accompanied by a substantial reduction of reserve requirements. Any temporary adverse trade balance leading to withdrawals of gold would necessitate further reductions of reserve requirements. This in given circumstances might weaken confidence in the dollar. This in turn would stimulate the conversion of notes into coins and would further reduce the reserve.

A doubling of the dollar price of gold, on the other hand, would create a surplus reserve which would be more than sufficient for meeting any conceivable domestic withdrawals of coins. Notwithstanding the dispersal of $10 billion or more through the issue of coins, the reserve would remain large enough to inspire confidence and to meet any contingency. It is of the utmost importance also from a political point of view, that the financial position of the United States should remain impregnable. Any doubts that might arise as a result of a weakening of the gold position through the issue of coins would inevitably react on the political prestige and power of the United States just as the weakening of the position of Sterling has reacted on Britain's political power and prestige.

It is perplexing to the utmost degree that the same people in the United States who are engaged in the campaign in favor of the issue of gold coins should be opposed to the utmost to an increase of the official American dollar price of gold. Surely it is a matter of simple arithmetic that their campaign is doomed to failure unless the price of gold is raised.

Wm. Frankel Forms Own Co. in N. Y. C.

William V. Frankel, formerly with J. F. Reilly & Co. Incorporated, has formed Wm. V. Frankel & Co. Incorporated, with offices at 39 Broadway, New York City, to act as brokers and dealers in over-the-counter securities. Associated with the firm in the trading department are John R. Stein and Joseph F. Donadio, both formerly of J. F. Reilly & Co., Incorporated, and Sidney Ornstein, previously with J. Arthur Warner & Co., Inc.

The new firm has a private wire to Pledger & Co. of Los Angeles.

Walston Display

PHILADELPHIA, Pa.—One of the most unusual displays to hit Philadelphia's financial district since the Christmas decorations came down is now stopping traffic in front of the ground floor offices of Walston & Co., large investment securities firm, at 1420 Walnut Street.

The eye-arresting black on yellow display, measuring 13 feet by 4 feet, tells onlookers in great detail how they, by investing approximately $5,490 in securities of six prominent American companies, will receive dividends "every month of the year." Based on the present annual dividend rates of the six companies in the program, dividend checks average $25 a month, or an annual yield of 5.6% on an investment of $5,490.

This forthright display, entitled "A Program for Monthly Income" answers about every conceivable question that a prospective purchaser might ask, including the number of shares of each stock to be purchased; approximate cost; present annual dividend rate; months when dividend checks arrive from each company and the individual company's past dividend record.

The companies selected by Walston & Co. for the program—all in the top eschelon of their business—include an oil refiner; a bank; a railroad; an insurance company and two utilities. Each has a long and liberal dividend record—one dates back to 1828. Securities of the six companies are tax-free in Pennsylvania and each has paid dividends for an average of 67 years.

Joins Schirmer, Atherton

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—William B. Farmer has become associated with Schirmer, Atherton & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges. He was formerly with A. C. Allyn & Co. and Shields & Company.

Britain's Responsibility In the Free World

By SIR ROGER MAKINS*

Ambassador of Great Britain to the United States

Ambassador Makins asserts, though Britain's responsibilities in free world are generally co-extensive with those of U. S., preponderant power imposes on America a correspondingly preponderant share of world leadership. Insists, however, Britain, despite her material and political losses, will continue to bear her share of responsibilities wisely and vigorously. Discusses various phases of Britain's responsibility in the free world, but maintains it is the universal responsibility of all mankind to prepare dependent peoples for self-government. Stresses need of world partnership for freedom and security.

Britain's responsibilities in the world are indeed sometimes co-extensive with and sometimes complementary to those of the United States. In the old days, in a smaller, and less complicated, and less interdependent world, it was possible for a single authority to guarantee a reasonable stability at least to the civilized areas. But neither Pax Romana nor Pax Britannica can be translated, in terms of today's problems, into Pax Americana. America's preponderant power imposes a correspondingly preponderant share of world leadership.

Sir Roger Makins

Yet despite my country's losses in material resources, despite the progressive delegation of authority from Westminster to the capitals of the Commonwealth countries, despite some deliberate transfers of local commitments to the United States, Britain's international responsibility remains as great and as pressing as ever. And so, let me add, does the resolution to exercise it wisely and vigorously.

An address recently delivered in North Carolina by my colleague the Ambassador of India contained a paragraph which I shall take leave to quote to you: "It is true," said Mr. Mehta, "that there is an element of force in political authority and that governments cannot dispense with sanctions. But governments finally rely not on the physical might of the rulers but on the psychological attitude of the ruled: the State is based, in the ultimate analysis, not on force but on will. The ultimate source of power—military, economic and political—is the power of the mind to support, or withdraw support, from authority."

This factor of willing and active support for authority has recently been very publicly and forcibly demonstrated in the deep emotional response, throughout the whole British Commonwealth, to the Coronation of Queen Elizabeth II in London. For London, though it is only one of Her Majesty's capital cities, is the seat of the monarchy which binds her peoples together in a common tradition, a common loyalty and a common resolve.

And so, even though I am speaking this evening of British responsibility in particular, it must always be remembered that the United Kingdom is only one unit of a much wider, yet intimate association dedicated to the furtherance of political and economic stability throughout the world, and joined, to use Edmund Burke's memorable words, by "ties of air" which nevertheless may be "strong as links of iron."

*An address by Sir Roger Makins at the Institute of Public Affairs, University of Virginia, Charlottesville, Va., July 6, 1953.

Phases of Britain's Responsibility

Britain's responsibility in the free world is of several kinds—economic, industrial, military, political, and — to use an old-fashioned word—moral.

In the economic sphere, there is the constant and delicate international responsibility of maintaining a balance between security and solvency: between the short-term defense commitments—tanks for N.A.T.O., aircraft for the Middle East, munitions for Malaya—and the long-term stability which can only be maintained by exports—many of them produced by the same factories. There is our responsibility to Western Europe, as exemplified in the Brussels Treaty and such organizations as the European Payments Union. There is the wider responsibility to the whole sterling area, and to that currency in which nearly half the world's trade is financed. The reserves on which these obligations depend have been seriously depleted by war-time damage, losses and seacrifices. They need the most careful husbanding by Britain herself, and they depend on the economic and commercial goodwill and cooperation of her friends, if the recurrent crises of the recent past are to be avoided in the future.

Britain's industrial responsibility is founded on the fact that she is second only to the United States in the alliance: the only other country capable of producing in quantity the armaments necessary to modern warfare, including atomic weapons. Her contribution to scientific development remains second to none. Radar and penicillin are two well-remembered war-time examples; but some people do not know that "dacron" is a British invention, and it may not have been realized by all of you here tonight that practically every jet engine now in production for U S military aircraft is based on a British design. These are the sort of services to the common cause which depend on the maintenance and expansion of the British tradition of technical skill.

As for the military sphere, Britain's responsibility is, as it has been for several centuries, worldwide. The United Kingdom itself was once described, during World War II, as an unsinkable aircraft carrier anchored off the shores of Europe. Today, in addition to the Royal Air Force establishments, the United States Air Force has 30 or more bases in the British Isles, on which over 50,000 men are stationed. One of them, Burtonwood alone, has about three million square feet of storage space. And recently the first American all-jet strategic bomber force took up station at Fairford in Gloucestershire. It is well to remember this at a time when it is sometimes alleged that to allow facilities for a base to another member of the free world is in some way repugnant to national sovereignty or national pride. Britain, for one, does not think so. On the continent, three British armoured divisions — the largest, indeed the only considerable

Continued on page 33

About Business Worries

By ROGER W. BABSON

Mr. Babson points out most changes are for the better and most business worrying is useless. Sees no cause for worrying about the Korean truce or about taxes and prices. Defends, as giving jobs to millions, manufacturers' and retailers' outlays for advertising, research, etc.

During this beautiful summer day I have had time to think of the great changes which have taken place since my boyhood and the foolishness of worrying about what changes can do. The sailing ships are all gone and my father thought this was the end of the fishing industry. Worst of all, the old New England families began to fade away. The old-timers then certainly felt this would be the end of Gloucester.

Roger W. Babson

Yet, the fishing business today is greater than ever. The sailing vessels have been replaced by power-driven draggers bringing in a million pounds of fish each day. The old families are gone, but the population is larger with industrious Italian families taking the lead. Certainly, my father and his friends lost much time in useless worry.

I am sorry that the churches have not grown with the industries. I see nothing here at Gloucester which can take their place. Gloucester has a splendid symphony orchestra consisting of local people. It has an active literary and historical society. It has become an important art center. Whether these cultural developments will take the place of the religion of my youth is doubtful. Liquor continues to be a curse, but I see no drunkenness on the streets.

Worrying About the Korean Truce

Although the Korean truce has been signed, most people in Gloucester feel that it won't amount to anything. They are still worrying about World War III. I can't see what Russia could possibly gain by war now. The Chinese would like to use their time and money in building up their own country. I believe the time is approaching when a foreign army will refuse to fight any free nations. More likely, national armies are apt to strike at home to correct conditions in their own countries. In fact, the military and veterans may someday control the United States. Being a veteran already counts more in getting a position than being a college graduate, although those who enjoy both have the best chances. Surely, those who live on farms or in small cities have little to fear.

Parents who have been worrying about their boys in Korea should realize that the last 20 years of war have not had so many casualties as a similar previous period suffered from scarlet fever, diphtheria, typhoid and pneumonia. Your sons may be safer in Korea than racing about in an automobile here at home. If you are worried about juvenile delinquency, just see that your boy works hard all day so that he wants to go to bed after supper instead of running about town. Most juvenile delinquency could be abolished by merely changing the laws as to boys and girls working. Although I sometimes think that even the driving of automobiles by kids may be better training of their brains than some of the subjects which they are taught at school.

Worrying About Taxes and Prices

Keep in mind that certain proportion of the taxes paid by businessmen will help business during a depression. Taxes paid for the support of farm prices, payment of minimum wages, old-age assistance, and the cost of schools will come back to us. Hence, don't worry so much about taxes.

I recently attended a meeting protesting high prices, which the speaker blamed on the money paid out by manufacturers and retailers for advertising, research, etc. Still millions of people today owe their jobs to such expenditures. If any reader is out of a job, it is probably because some penny-pinching employer cut off advertising.

A Cure for Worry

I have a very old Bible (1477—before Columbus discovered America); every word penned by hand. I find that certain portions show excessive use. It looks as if the owners during the past four hundred years used it to cure themselves of worrying! For those desiring to take such a "cure" instead of pills or psychiatry, I suggest the following: Matthew 5: verses 5, 7, 9 and 44; Matthew 6: 34; James 5: 16; and John 15: 7. These are the pills that do me good when I am tempted to worry, but I sometimes need to read them many times before they really sink in.

Smith, Barney Offers Dow Chemical Stock

A secondary offering of 400,000 shares of common stock of The Dow Chemical Co. was made Aug. 4 by Smith, Barney & Co. It was quickly oversubscribed and the books closed. The stock was priced at $36.50 per share.

The shares did not represent new financing by The Dow Chemical Co. and it will receive no part of the proceeds from the sale. The stock was sold for the account of the Estate of Grace A. Dow, who died on June 28, 1953. Mrs. Dow was the widow of Herbert H. Dow, founder of the company.

The company and its subsidiaries manufacture a diversified line of inorganic and organic chemicals used by substantially all major industry groups as well as by agriculture; a comprehensive list of plastic products; and magnesium metal.

Sales of the company and subsidiaries during the fiscal year ended May 31, 1953 totaled $430,-385,000 and net income amounted to $35,857,000, equal to $1.58 a share on the common stocks.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

After the regular meeting of the Board of Directors of **J. P. Morgan & Co. Incorporated** held on Aug. 5, Henry C. Alexander, President, announced that the Board had elected Arthur M. Anderson a Vice-Chairman of the Board and Charles D. Dickey Chairman of the Executive Committee to succeed Mr. Anderson and had designated H. P. Davison and Thomas S. Lamont Senior Vice-Presidents. All four of these officers are also directors of the bank.

* * *

The Bay Ridge Branch of **The National City Bank of New York** opened on July 31 in renovated quarters at 5th Avenue and 54th Street, Brooklyn, N. Y. the site at which the bank or its predecessors, have been doing business since 1910. Architecturally it is of entirely new, modernized design, with air conditioning. The work of remodeling has been carried on without interruption to regular business operations. Walter J. Dowd, who has been at the Bay Ridge Branch for 38 years—22 of them as Manager, will continue in charge.

* * *

The Roslyn National Bank & Trust Co. of Roslyn, Long Island, N. Y. reports as of July 14 a capital of $350,000, increased from $250,000 by the sale of $100,000 of new stock.

* * *

Exploratory discussions it was announced on July 31 are under way to determine the advisability of merging **The Peoples National Bank & Trust Co. of White Plains, N. Y.**, and the **New Rochelle Trust Co, New Rochelle, N. Y.**, as a basis for a county-wide banking structure in Westchester County. This was made known jointly by Oliver W. Birckhead, President of the Peoples National Bank & Trust Co. and Ralph T. Tyner, Jr., President of the New Rochelle Trust Co. Committees representing each of these institutions have been appointed to study merger details. Any specific merger terms resulting from this study would be subject to formal approval by directors and stockholders of both institutions, and final approval by State and Federal agencies. The combined institution would have assets in excess of $60,000,000. In a joint statement Messrs. Birckhead and Tyner said in part: "The rapid growth of Westchester County requires corresponding development of banking facilities. This growth comes in part from the movement of population into the suburbs and is marked by community development along new lines, increase in motor traffic and the establishment of many business firms in Westchester County. In the merger discussions, paramount consideration will be given to the development of outstanding banking services for the immediate community served as well as on a wider scale in Westchester County. The community stands to benefit from this banking development. It is also planned that the Rockefeller family will acquire an interest in the newly merged bank. The Rockefellers, as residents of Pocantico Hills, are interested in the proposed new banking institution through their desire to aid the progress of Westchester County and their confidence in its future growth. This would be their first participation in banking development in Westchester." The Peoples National Bank & Trust Co. has three offices, two in White Plains and one in Valhalla. The New Rochelle Trust Co. have five offices in New Rochelle. The Peoples National Bank & Trust was chartered in 1924. The New Rochelle Trust Co. was established in 1888. Negotiations are also underway with institutions in other Westchester communities.

* * *

The Lincoln National Bank & Trust Co. of Syracuse, N. Y., has increased its capital from $1,200,000 to $1,500,000; the enlarged capital, effective July 27, resulted from the sale of $300,000 of new stock. In our issue of July 16, page 220, reference was made to the merger of the **Industrial Bank of Central New York at Syracuse** with the Lincoln National Bank & Trust.

* * *

The election of Ellis B. Ridgway, Jr., as Vice-President of **the Philadelphia National Bank of Philadelphia, Pa.** in charge of its consumer credit department, was announced on July 26 by Frederic A. Potts, President, according to the Philadelphia "Inquirer" which further said in part:

"Mr. Ridgway, who recently resigned as Vice-President and manager of the consumer credit department of **Girard Trust Corn Exchange Bank**, has been active in banking in this city since 1931. He is well known in the field of consumer credit and is a past Chairman of the Consumer Credit Committee of the Pennsylvania Bankers Assn. Mr. Ridgway currently is a panel lecturer on consumer credit at the Wharton School of the University of Pennsylvania."

* * *

The First National Bank of Plymouth, Pa. (with common capital stock of $200,000) was absorbed as of June 26 by the **Wyoming National Bank of Wilkes-Barre, Pennsylvania**.

* * *

Subscriptions to the $25 par value capital stock of the **Fidelity Trust Company of Baltimore, Md.**, amounted to 24,028 shares, or 98.68% of the 24,350 shares offered at $55 per share. Stockholders of record July 10, were offered the right to subscribe for new stock at the rate of one new share for each three shares held. Subscription warrants expired on July 28. The 322 unsubscribed shares will be purchased by an investment banking group consisting of Alex. Brown & Sons; Baker, Watts & Co.; and John C. Legg & Company at the subscription price of $55 a share. A previous item bearing on the new stock appeared in our July 16 issue, page 220.

* * *

The capital of the **Community National Bank of Pontiac, Mich.** on July 31 became $1,500,000, having been increased from $1,000,000 by a stock dividend of $500,000.

* * *

The Fourth National Bank of Tulsa, Okla. on June 30 increased its capital from $600,000 to $800,000, the addition having accurred as a result of a stock dividend of $200,000.

* * *

An addition of $150,000 has been made to the capital of the **City National Bank of Fort Smith, Ark.**, by the sale of new stock to that amount, as a result of which the capital has been increased from $150,000 to $300,000.

* * *

Ground was broken on July 2 for the $50,000 future home of the newly organized Bank of Encino, Cal. in the San Fernando Valley. It is expected that the building will be completed and the additional $50,000 worth of fixtures installed within four months. The official opening of the Bank of Encino, which it is stated will become the only independent bank in the western valley area, is scheduled for sometime in October. Among the active residents of Encino interested in the project are R. J. Powers, President who is head of Powers & Stanley Talent & Management Agency; Lawrence Wolff, Vice-President, who is executive assistant at Union Oil; W. L. Tooley, Vice-President, hotel owner; James C. E. Sale, Treasurer, President of sale's markets; R. S. Norswing, Secretary, President of Canoga Farms, etc. Lawrence Wolff, Vice-President and Chairman of the Publicity Committee, stated that "almost all of the bank's 180 shareholders, who own between 1 and 100 shares apiece, are local residents." The announcement adds: "According to requirements of the California State Banking Department which has supervised the Bank of Encino's incorporation, 3,000 shares with a par value of $50.00 have been sold at $80.00 apiece. The par value per share, or $150,000, shall be capital and $30.00 per share, or $90,000 shall be surplus. This will provide a total capital and surplus of $240,000. The Union Bank and Trust Company is the approved custodian for capital subscriptions."

* * *

D. B. Slattery, formerly Special Representative in the Superintendent's Department, Calgary, has been appointed Manager of the Petroleum and Natural Gas Division of **The Canadian Bank of Commerce at Calgary, Canada.** He will direct the "banker-geologist team" covering the bank's operations in serving the oil and natural gas industry in the oil fields of western Canada. C. H. Munro, formerly Manager of the bank's Lloydminister branch has been named Assistant Manager of the division. Both Mr. Slattery and Mr. Munro have been associated with The Canadian Bank of Commerce for many years. From 1949 until last March Mr. Slattery was Assistant Manager in the Calgary branch, and he previously served at the Bank's Agency in New York City.

Wm. Witherspoon Will Establish Inv. Letter

ST. LOUIS, Mo. — William Witherspoon, for many years associated with Newhard, Cook & Co., is opening his own office at 320 North Fourth Street, to write and publish a weekly economic and investment letter, which will be offered to the public at an annual subscription price of $15 per year. The first issue of "The Witherspoon Letter" will be published about Sept. 18.

William Witherspoon

Schuster & Co., Inc. Formed in New York

Schuster & Co., Inc. has been formed with offices at 44 Wall Street, New York City, to engage in a securities business. Officers are George G. Schuster, President, and Walter Taradash, Vice-President. Mr. Schuster was formerly New York Manager for Hamlin & Lunt.

Would Repeal Silver Purchase Laws

Senator Prescott Bush of Connecticut, together with six other Senators, offers measure that would repeal provisions of the Silver Purchase Laws of 1934, 1939 and 1946. In Senate statement, he calls present laws "absurd, unsound and inflationary."

On Aug. 1, Senator Prescott Bush, Republican from Connecticut, on behalf of himself and six other Senators, introduced a bill in the Senate to repeal the present Silver Purchase laws.

Sen. Prescott Bush

In presenting the bill, which was referred to the Senate Committee on Banking and Currency, Senator Bush made the following statement:

"A sound money system calls for repeal of the Silver Purchase laws. The unsoundness of our monetary policies relative to silver have long been apparent. Accordingly, I have introduced for myself, Senators Douglas, Green, Kennedy, Pastore, Purtell, and Saltonstall, a bill which calls for the repeal of the Silver Purchase laws of 1934, 1939, and 1946. Under present laws the Treasury is required to purchase a commodity, silver, at 90½ cents per ounce and which is currently valued in the world market at 85¼ cents per ounce. The Treasury is then required by these laws to carry two-thirds of the silver purchased at a book value of $1.29 per ounce. Nothing could be more absurd, unsound, and inflationary. This silver is purchased regardless of whether the Treasury needs such silver and requires the issuance of paper money in payment for the silver. In the very process of buying the silver and issuing new money in exchange for it, the Treasury tends to add to the volume of bank reserves and to expand credit, for, in the absence of a demand on the part of the public for more coin and currency, the new paper money will flow to the Federal Reserve banks and be added to Member Bank reserves. This policy is continuously expansionary and, in practice, irreversible. The Treasury must buy all silver offered to it and issue new money at all times, during inflation as well as under other conditions. Not only is the Treasury prevented from selling silver freely in order to exert an anti-inflationary effect, it is not even permitted to cease these expansionary purchases in the midst of inflation.

"Silver certificates issued to pay for silver are backed by two-thirds of the silver purchased, which is valued on the books of the Treasury at $1.29 per ounce. This means that the silver backing each dollar is worth but 66 cents. The remaining portion of the silver is considered profit, despite the fact that if all the silver purchased were used to back silver certificates issued in payment of such silver there would only be 94 cents worth of silver backing each dollar. This so-called profit is realized solely as a result of the valuation of $1.29 fixed by law. It is taken at the expense of the backing behind the dollar. As a result of our silver purchases, the Treasury now has in its vaults 1,860,000,000 ounces of silver, actually worth $1,585,000,000, but which the Treasury must value on its books as an asset worth $2,400,000,000.

"It is important to remember that the Government does not guarantee any price for silver. Its value varies with the market price.

"The market price for silver, currently 85¼ cents per ounce, is consistently below the Treasury buying price of 90½ cents per ounce, thus providing a subsidy to the producers of silver. Even as a subsidy, the present monetary policy relative to silver is deficient. It grants aid to producers without any test as to whether aid is needed. It is one of the most insidious of all subsidies because no money need be appropriated to pay this subsidy. It is paid at the expense of the backing behind the dollar. This subsidy is paid during all phases of the business cycle in the most expansionary way possible, and it locks up the subsidized production in the monetary system, and makes it unavailable for industrial, artistic, and other uses.

"As a result of this subsidy all the silver produced in the United States goes into the Treasury. Users of silver in this country are dependent on foreign sources for all of their silver."

Text of Bill

The text of the bill follows:

83rd CONGRESS (1st Session)
S. 2555

IN THE SENATE
OF THE UNITED STATES
Aug. 1, 1953

Mr. Bush (for himself, Mr. Douglas, Mr. Green, Mr. Kennedy, Mr. Pastore, Mr. Purtell, and Mr. Saltonstall) introduced the following bill; which was read twice and referred to the Committee on Banking and Currency:

A BILL

To repeal certain legislation relating to the purchase of silver, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Silver Purchase Act of 1934 (ch. 674, 48 Stat. 1178), Section 4 of the Act of July 6, 1939 (ch. 260, 53 Stat. 998), the Act of July 31, 1946 (ch. 718, 60 Stat. 750), and Sections 1805 and 1821 (b) (4) of the Internal Revenue Code, are hereby repealed.

Section 2. Such repeal shall not affect any act done or any right accruing or accrued, or any suit or proceeding had or commenced in any civil cause before the said repeal, but all rights and liabilities under said Acts shall continue, and may be enforced in the same manner, as if said repeal had not been made.

Section 3. All offenses committed, and all penalties or forfeitures incurred under any statute hereby repealed, may be prosecuted and punished in the same manner and with the same effect as if this Act had not been passed.

Section 4. The Treasury Department shall maintain the ownership and the possession or control within the United States of three hundred seventy-one and one-fourth grains of fine silver (in bullion or silver dollars) for each dollar of silver certificates outstanding. Silver certificates shall be exchangeable on demand at the Treasury of the United States for silver dollars; and the Secretary of the Treasury is authorized to coin silver dollars for such exchange from silver now owned by the Treasury.

Section 5. The Secretary of the Treasury is authorized to cause to be used for subsidiary coinage any silver not required to be retained under the terms of Section 4 hereof.

Section 6. All Acts and parts of Acts inconsistent with any of the provisions of this Act are hereby repealed.

Section 7. This Act shall take effect on the thirtieth day after its enactment.

Van Alstyne, Noel Offer Atlas Plywood Debentures & Stock

Two groups of underwriters, each headed by Van Alstyne, Noel & Co., are offering $5,000,000 Atlas Plywood Corp. 5% sinking fund debentures due 1968 and 150,000 shares of the company's common stock. The debentures are priced at 100% and accrued interest, and the common stock at $11.87½ per share.

Proceeds from the sale of the debentures and common stock will be used to discharge $1,950,000 aggregate amount of the company's serial notes and to pay off current bank loans of $2,500,000. The company also intends to pay off the unpaid balance of notes owing by a consolidated subsidiary amounting to $1,125,723, and to redeem the outstanding preferred stock of this subsidiary at a cost of $63,000. The balance will be added to working capital.

The debentures will be generally redeemable at the option of the company in whole or in part at any time at 105% plus accrued interest on or prior to June 30, 1954 and at decreasing prices thereafter.

Atlas Plywood Corp., is one of the largest manufacturers of plywood packing cases, plywood panels and flush doors in the United States. In addition it is one of the leading producers of fruit, berry and vegetable baskets and packages. The company also makes and sells cleated corrugated paper packing cases.

Henry R. Bishop With Fordon, Aldinger Co.

DETROIT, Mich.—Henry R. Bishop, an attorney for 22 years, has become associated with the firm of Fordon, Aldinger & Co., Penobscot Building, members of the New York and Detroit Stock Exchanges. He will act for the firm as Manager of Investment Research.

A native of Detroit, Mr. Bishop attended Culver Military Academy, Dartmouth College and the University of Michigan Law School. Since graduating from the latter in 1931 he had been engaged continuously in the active practice of law in Detroit, with the exception of a period during 1942 and 1943 when he was employed in the legal branch of the Federal Office of Price Administration.

Mr. Bishop is a member of the American Bar Association, the State Bar of Michigan and the Detroit Bar Association. He has held the offices of Secretary and Treasurer of the Detroit Bar Association and was a member of its Board of Directors from 1947 to 1953.

Gordon Buckhout Now With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Gordon E. Buckhout has become associated with Dempsey-Tegeler & Co., 210 West Seventh Street. Mr. Buckhout was formerly an officer of Douglass & Co. and prior thereto was an officer of Livingstone & Co.

Strange "Self-Reliance"

"Retirement systems, by which individuals contribute to their own security according to their own respective abilities, have become an essential part of our economic and social life. These systems are but a reflection of the American heritage of sturdy self-reliance which has made our country strong and kept it free; the self-reliance without which we would have had no Pilgrim Fathers, no hardship-defying pioneers, and no eagerness to-day to push to ever-widening horizons in every aspect of our national life.

Pres. Eisenhower

"The Social Security program furnishes, on a national scale, the opportunity for our citizens, through that same self-reliance, to build the foundation for their security. We are resolved to extend that opportunity to millions of our citizens who heretofore have been unable to avail themselves of it." — President Dwight D. Eisenhower.

The President seems to us to have strange ideas of "sturdy self-reliance"!

Individuals are compelled to "contribute" from their current earnings funds which are used to help defray the current expenditures of government—and in turn are promised pensions at some future day!

Where is the self-reliance?

U. S. Issues on Montreal and Canadian Stk. Exch.

Stocks of nineteen U. S. companies, with a market value of $7 billion, are now traded.

It is reported that the stocks of 19 U. S. corporations with a market value of over $7 billion are now traded on the Montreal and Canadian Stock Exchanges. This is an increase of seven corporations since 1951. Share volume of transactions in this group totaled 295,028 shares during the first six months of 1953.

It is noted that many American corporations with large operating subsidiaries in Canada have extended trading and transfer facilities for their steadily increasing number of Canadian shareholders. General Motors Corp., Chrysler Corp., Standard Brands Inc., Johns-Manville Corp., Continental Can Co. Inc., and General Dynamics Corp. are among those which have recently listed their common shares on the Montreal Stock Exchange.

The first U. S. company to request listing privileges and to establish transfer facilities in Montreal was Goulds Pumps, Inc. of Seneca Falls, New York. Incorporated in 1864 under the laws of the State of New York, Goulds Manufacturing Co. (as it was then know), made application for listing on the Montreal Stock Exchange on May 11, 1911.

Over 135 million shares are included in the present listings on the Montreal and Canadian Exchanges, and the corporations represent a wide range of enterprise as is shown by the following group classification:

Automobiles	2	Mining	1
Machinery and equipment	7	Pulp and paper	4
Textiles	1	Utilities	3
Food	1		

Statistics on the market value of the shares covered in the U. S. group follow:

MONTREAL STOCK EXCHANGE —	Authorized	Outstanding	Market Value June 30, 1953
Assoc. Tel. & Tel. Co. "A"	200,000	62,203	$9,579,262
Celanese Corp. of America	10,000,000	5,844,954	148,286,483
Celanese Corp. of America 7% pfd.	148,179	33,403	4,041,763
Celanese Corp. of America 4½% pfd.	1,000,000	1,000,000	85,250,000
Chrysler Corporation	20,000,000	8,968,750	641,265,625
Continental Can Co. Inc.	5,000,000	3,383,002	180,144,857
Electrolux Corp.	1,237,500	1,230,500	12,920,250
General Dynamics Corp.	2,500,000	840,500	28,577,000
General Motors Corp.	150,000,000	88,208,680	5,314,572,970
Goulds Pumps Inc. pfd.	75,000	52,325	614,819
Int. Paper Co.	12,000,000	8,900,000	449,450,000
Int. Paper Co. $4 pfd.	400,000	230,000	21,562,500
Int. Utilities Corp.	2,500,000	964,664	25,563,596
Int. Utilities Corp. preferred	997,480	247,180	7,230,015
Johns-Manville Corp.	4,500,000	3,166,544	204,242,088
Standard Brands Inc.	5,000,000	3,190,427	86,139,529
Total	215,558,159	126,323,132	$7,219,440,767
CANADIAN STOCK EXCHANGE—			
Brown Co.	2,997,009	1,992,817	17,676,287
Brown Co. 1st pfd.	143,456	143,456	12,354,431
Brown Co. 2nd pfd.	106,107	106,107	4,987,029
Crown Zellerbach Corp.	7,500,000	5,831,494	163,281,832
Fanny Farmer Candy Shops Inc.	400,000	340,500	8,172,000
Minnesota & Ontario Paper Co.	1,500,000	1,344,543	33,774,520
Pressed Metals of America Inc.	1,000,000	325,452	3,824,061
Twin City Rapid Transit Co.	490,000	276,091	3,622,314
Twin City Rapid Transit Co. 5% pfd.	90,000	69,905	2,752,160
Pend Oreille Mines & Metals Co.	3,000,000	2,388,136	12,537,714
Total	17,226,572	12,818,501	$262,982,348
Combined totals	232,784,731	139,141,633	$7,482,423,105

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Bank Stocks

In view of the high level of current operating earnings and the favorable prospects for the balance of the year, it seems appropriate to review the market action of bank stocks so far in 1953.

Net operating earnings of banks for the first six months of the current year showed a good gain over those of 1952 and were generally the highest on record for a comparable period. The full benefit from the increase last May in the prime loan rate and the rise in interest rates so far this year has not as yet been reflected in the operating statements. As a result the rate of earnings should continue to gain.

Thus the gains made in the first half and the prospects for the remaining months indicate a very favorable year for bank operations with operating earnings likely to show an increase of close to 5% over the record of 1952.

Considering this background of operations and prospects, what has been the market action of bank stocks since the start of the year? As a general proposition it would appear that the movement of bank stocks has been dominated by considerations other than current and prospective earnings.

To illustrate this point the prices of New York City bank shares and selected issues in other large cities as of Dec. 31, 1952 and currently, are compared in the following tabulation:

New York Banks—	Current Market Bid	Bid Dec. 31, 1952	Change	1953 Price Range High	Low
Bank of Manhattan	34	35	—1	35½	31
Bank of New York	368	379	—11	398	353
Bankers Trust	49¾	53	—3¼	55⅞	48½
Chase National	44¾	48½	—3¾	50	42
Chemical Bank	46¾	49¾	—3	52¾	43¾
Corn Exchange	60¾	65¾	—5	67¾	58
Empire Trust	132	140	—8	144	130
First National	404	394	+10	419	366
Guaranty Trust	62¾	72¼	—9½	73	60
Hanover Bank	94½	99	—4½	102½	90
Irving Trust	21¾	23¾	—2	24½	21
Manufacturers Trust	61¼	64½	—3¼	66¾	58¼
Morgan, J. P.	262	283	—21	304	251
National City	49⅜	51⅜	—2	54¾	46½
New York Trust	112	117	—5	117¼	101
Public National	44¾	46⅞	—2⅛	49	43½
U. S. Trust	269	269	--	295	257
Outside Banks—					
Bank of America	31¼	30⅞	+ ⅜	32⅝	28½
First National (Boston)	50	50	--	54⅛	47
First National (Chicago)	233	250	—17	275	231
Continental Ill. National	81¾	93	—11¼	94½	81
Security First Natl. (L. A.)	99½	102	—2½	108½	94

As can be seen from the above figures the trend of prices, with one or two exceptions, has been downward for most of the year. While the stocks have recovered from the lows reached around the middle of June, most issues are only slightly above that level.

For example, Standard & Poor's index of bank stocks at the end of last year was 127.3 and at the end of July stood at 117.5 as compared with a range of 129.3 and 114.2 for the year.

Some of the factors that are believed to have affected the price action of the shares include:

(1) The general level of the stock market is lower. At the end of 1952 the Dow-Jones Industrial Average was 291.90 as compared with the current level of around 275.00. Although bank stocks are generally more stable than most other shares, they are nevertheless influenced by the movement of equity prices.

(2) While the rise in interest rates has had a favorable influence on operating conditions, the higher yields on fixed income securities resulting therefrom has reduced the attraction of bank stock yields. Also, the rise in interest rates has resulted in a depreciation of bond portfolio values for most banks. Some losses have been realized to reduce tax liabilities which, in turn, has helped operating results. However, such losses have reduced the transfers to reserves and in some cases had an adverse effect on reported or indicated earnings.

(3) While operating earnings have been rising, most institutions have continued conservative dividend policies, so that with the exception of an occasional merger rumor there has been little news to act as a direct stimulus to share prices.

Over the balance of the year we would expect better market action for bank stocks. Interest rates have stabilized and have actually declined over the last month. Then with record operating earnings in prospect, some consideration will be given to dividend policies. Although no large increases are indicated, a number of institutions are expected to increase regular payments or distribute extras.

These factors are expected to provide a more favorable background for bank stocks in the coming months.

Continued from first page

Funds Use Cash Reserves To Buy Utilities

issues. In particular, the three Axe-Houghton funds added rail and utility preferreds, the George Putnam Fund purchased $2½ to $3 million in bonds, Scudder Stevens and Clark shifted to corporate seniors, and Loomis-Sayles continued building up the more stable section of its portfolio (which it had already been doing before the beginning of the period). Several managements also were shifting to the less cyclical issues in the common stock section of their portfolios, which was evidenced during the quarter by the divided opinion on the non-ferrous metals, autos and steels. And in spite of the preponderance of buying in the oil group, several funds were disregarding possible long-term bullish factors and lightening commitments.

Portfolio Policy Changes

Thus Francis F. Randolph, Chairman of the Board of the Tri-Continental Corporation, points out in that company's June 30th report: "Changes were made in bond and preferred stock holdings in line with the upward adjustment that has taken place in interest rates. Changes were made in the common stock portfolio which reduced holdings in the stocks of companies considered to be of potentially more than average vulnerability to a cyclical downturn in general business activity and which increased holdings in the stocks of companies that might be expected to show resistance to such a development." Sales were made in the automobiles (General Motors), non-ferrous metals (Kennecott), oils, rayon (American Viscose and Celanese), steels and rubbers. Purchases were made in the food, tobacco and public utility stocks.

Scudder Stevens and Clark's semi-annual report also takes note of the increasing opportunities in corporate seniors as well as its own decrease in risk-type securities: "The first half of the year was marked by a major increase in bond and preferred stock yields as well as by a widening of the yield advantage of new high-grade issues of corporate bonds over U. S. Government securities of comparable maturity. Advantage was taken of this change by increasing long-term corporate seniors and by shifting a portion of the holdings of U. S. Government issues into corporate bonds. The proportion of the fund in high grade bonds and preferred stocks was moderately increased by a reduction in risk securities of various types, including common stocks."

The Johnston Mutual Fund increased corporate seniors, sold oil and non-ferrous metal stocks, and added to food and tobaccos. Caution expressed in its March report is reiterated in the semi-annual statement: "The managers of your fund continue to believe that the soundest policy at this advanced stage of the boom is a well-balanced investment position with gradually increasing emphasis on diversification among securities of a defensive nature."

Particularly forthright is the pronouncement of Harry H. Hagey, Jr., President of the Stein Roe and Farnham Fund, in that company's June 30th report: "There seems to us to be increasing evidence that some decline in business will commence before long. While we doubt that a severe setback is in prospect, it is difficult to predict where a decline when once under way will end. We concluded that the outlook warranted a more conservative investment position, and consequently during the past quarter the proportion of the fund's assets invested in common stocks was reduced."

Stocks on Historically Lower-Side

But William A. Parker, President of Incorporated Investors, in his June 30 report to stockholders, still disagrees as he did in his statement of three months ago: "In the judgment of the management there is nothing to indicate that deflation or substantially lower business activity impends. It believes that on the basis of earnings and dividends, current and prospective, stock prices are historically on the lower side rather than the higher side. It continues its policy of concerning itself only with the broad changes in the business outlook rather than with the short-run changes in the stock market. . . . In general, securities favored were those of companies offering strong possibilities of expansion rather than companies whose chief attraction is stability. No changes were made in the heavy position which Incorporated Investors has maintained in railroad stocks because your management believes that few, if any, industries offer as good protection for earnings (even in the event of lessened business activity), or as strong a likelihood of increased dividends as this revitalized, rebuilt and reequipped industry." One-half of Incorporated's portfolio is invested in rails, natural gas and oil stocks.

Another fund, the deVegh Mutual, has an interesting concentration of almost half of its assets in two industries. With a 19% reserve of cash and governments, 15% of its total assets were invested in aircraft manufacturers and 32% in insurance companies. The percentage in the latter group was upped from 24½% at the end of March. In fact, insurance stocks constituted one of the more popular groups among the funds generally, during the quarter under review.

The Question of Size Limitation

DeVegh Mutual's ability to shift its position relatively facilely poses an interesting question as to the desirability of size limitations for mutuals, either on the up or downside. In its prospectus dated July 7th the fund states that "its management believes that the advantages of flexibility and mobility are best preserved by not allowing the fund to become very large. Accordingly only 200,000 shares of stock have been authorized. There exists no present intention to increase the authorized issue except for the reinvestment of capital gains dividends." This would mean a limitation of about $7 million based on June 30th asset values. Sovereign Investors similarly points out in its semi-annual report that "because of the relatively small number of shares held the liquidity of the portfolio is greater than it would be if large blocks of securities were held." And akin to the same idea of the advantage of small individual holdings, Commonwealth Investment Co. pointed out in its March quarterly report what it terms "Diversifying Investment Opportunity": "The management considers that flexibility is important in the investment of funds. Investments are not confined to popular securities and active investment favorites, but include less well-known issues that appear to be reasonably valued."

In contrast to the deVegh maximum limitation is the provision in the recently enacted Pennsylvania trustee legislation which excludes all investment companies with assets at time of investment of less than $10 million from strict legal trust accounts. The fund managers may have many millions of dollars under their supervision in addition to the investment company, yet, if the latter does not meet this standard of size, it is excluded.

Another voice was raised during the quarter ending in June supporting those who favor the larger aggregations of assets. Broad Street Sales Corporation in explaining the sale of Howe Plan Fund assets to Whitehall Fund stated: "The proposal to sell and the shareholders' vote gave recognition to the difficulties experienced by a smaller fund in operating on an efficient but economical basis. In a letter to shareholders, the Howe Plan Fund management pointed out that while it was proud of the investment results achieved since the organization of the fund in the fall of 1947, expenses of operation had been high in relation to those of larger companies with no relief in sight."

There may well be an optimum size, but this would depend also upon management policy. For example, Massachusetts Investors Trust, one of the recognized critics of present management at Montgomery Ward, sold 20,000 shares during the last quarter, but it still has 50,000 shares remaining in its portfolio. Originally, when M. I. T. withheld its proxy from Mr. Avery four years ago, it held 104,000 shares of Ward. Would it possibly have experienced some market disadvantage in selling all of its 70,000-share holdings last quarter if it had desired to do so?

Transactions in the Retail Group

The selling of Ward stock during the quarter under review by six individual funds (representing four managements in addition to Massachusetts Investors Trust) was the highlight of the retail group. This is how the selling was divided:

Sales of Montgomery Ward Stock
(2nd Quarter 1953)

Fund—	Shares
Axe-Houghton Fund "A"	600
Axe-Houghton Stock Fund	300
Eaton & Howard Balanced	8,100
Eaton & Howard Stock	*3,000
Investment Co. of America	*1,000
Mass. Investors Trust	20,000
National Shares Corp.	*1,500

*Represents complete elimination.

There were two purchases of Ward during the quarter—an addition of 500 shares by Commonwealth Investment and an initial commitment of 200 shares by the Dreyfus Fund. During the first quarter of the year portfolio eliminations were made by State Street Investment Co. and the Johnston Mutual Fund. Marshall Field was also lightened in four portfolios during the current June quarter with one offsetting purchase. However, total purchases in the retail trade group as a whole were double those of the sales during the period. Allied Stores was the favorite issue, four trusts buying a total of 5,000 shares. A block of 2,100 shares was sold. Although opinion had been divided on Allied for a half year, it had been one of the most popular merchandisers previously. Federated Department Stores was the second best-liked retail stock along with Kroger and May, three purchases being made of each. One sale of the latter equalled 20,000 shares. Two trusts bought American Stores and the same number added H. L. Green. Jewel Tea was bought through rights and there was an initial commitment also in this stock. Additions were made to the Grand Union shares distributed as a

Continued on page 23

Balance Between Cash and Investments of 62 Investment Companies

End of Quarterly Periods March and June 1953

	Net Cash & Gov'ts Thousands of Dollars —End of—		Net Cash & Gov'ts Per Cent —End of—		Invest. Bonds & Preferred Stocks Per Cent * —End of—		Com. Stks. Plus Lower Grade Bonds & Pfds. Per Cent —End of—	
	Mar.	Jun.	Mar.	Jun.	Mar.	Jun.	Mar.	Jun.
Open-End Balanced Funds:								
American Business Shares	8,200	7,524	21.8	21.1	28.0	28.8	50.2	50.1
Axe-Houghton Fund "A"	5,730	2,013	18.7	6.5	25.3	35.6	56.0	57.9
Axe-Houghon "B"	956	1,064	3.4	3.9	27.9	30.2	68.7	65.9
Boston Fund	2,059	131	2.2	0.2	41.0	42.4	56.8	57.4
Commonwealth Investment	3,176	3,491	5.1	5.7	23.9	23.5	71.0	70.8
Diversified Investment Fund—Diversified Funds, Inc.	425	442	1.3	1.4	25.0	26.8	73.7	71.8
‡Dreyfus Fund	140	400	9.4	26.9	11.5	14.2	79.1	58.9
Eaton & Howard Balanced	8,138	7,908	8.5	8.4	30.9	32.6	60.6	59.0
Fully Administered Fund—Group Securities	2,338	2,073	35.3	31.5	8.7	8.7	56.0	59.8
General Investors Trust	321	321	13.8	14.6	10.9	12.7	75.3	72.7
¶Investors Mutual	4,526	6,166	1.0	1.4	32.9	34.2	66.1	64.4
Johnston Mutual Fund	331	307	15.2	14.0	23.2	25.5	61.6	60.5
‡‡Mutual Fund of Boston	20	22	1.0	1.1	39.4	40.3	59.6	58.6
¶National Securities—Income	1,003	791	3.3	2.6	14.5	16.1	82.2	81.3
¶Nation Wide Securities	4,375	3,466	22.0	18.2	26.1	28.0	51.9	53.8
George Putnam Fund	4,254	3,224	6.7	5.2	21.8	27.0	71.5	67.8
Scudder, Stevens & Clark	5,452	4,138	14.0	10.8	34.4	38.0	51.6	51.2
Shareholders Trust of Boston	283	298	3.2	3.4	24.4	25.2	72.4	71.4
Stein Roe and Farnham Fund	1,289	1,628	19.3	24.3	25.1	25.7	55.6	50.0
Wellington Fund	27,250	27,773	10.7	11.0	26.4	26.9	62.9	62.1
§Whitehall Fund	120	1,112	4.4	22.8	46.1	25.9	49.5	51.3
Wisconsin Investment Co.	636	768	12.3	15.6	6.2	2.5	81.5	81.9
Open-End Stock Funds:								
Affiliated Fund	5,624	6,525	2.3	2.7	None	None	97.7	97.3
††Axe Houghton Stock Fund	664	381	10.6	6.2	23.2	35.2	66.2	58.6
Bowling Green Fund	131	112	17.5	15.2	18.5	18.3	64.0	66.5
Blue Ridge Mutual Fund	714	989	3.4	5.2	None	None	96.6	94.8
Broad Street Investing	1,584	738	5.0	2.3	5.8	8.1	89.2	89.6
Bullock Fund	792	1,388	5.3	9.6	0.2	0.1	94.5	90.3
Delaware Fund	545	153	3.5	1.0	4.4	5.0	92.1	94.0
de Vegh Mutual Fund	519	368	26.5	18.9	None	None	73.5	81.1
Dividend Shares	12,236	11,744	10.4	10.4	None	None	89.6	89.6
Eaton & Howard Stock	1,295	1,450	7.2	8.0	1.0	None	91.8	92.0
Fidelity Fund	3,156	2,727	3.7	3.2	0.6	0.8	95.7	96.0
Fundamental Investors	3,112	2,950	2.1	2.0	None	None	97.9	98.0
General Capital Corp.	3,036	2,886	21.3	21.5	None	None	78.7	78.5
Group Securities—Common Stock Fund	87	277	1.6	4.7	None	None	98.4	95.3
Incorporated Investors	7,728	6,107	5.8	4.7	None	None	94.2	95.3
Institutional Foundation Fund	102	51	4.5	2.2	15.4	14.4	80.1	83.4
Investment Co. of America	4,518	2,124	19.5	9.1	0.5	0.4	80.0	90.5
Investors Management Fund	291	253	2.1	2.0	None	None	97.9	98.0
Knickerbocker Fund	8,376	7,980	50.5	49.5	4.1	3.1	45.4	47.4
Loomis-Sayles Mutual Fund	8,040	7,105	26.2	23.6	21.8	25.0	52.0	51.4
Mass. Investors Trust	12,298	12,208	2.4	2.5	None	None	97.6	97.5
Mass. Investors Growth Stock Fund	1,001	841	2.4	2.1	None	None	97.6	97.9
Mutual Investment Fund	315	316	11.7	11.2	34.7	34.6	53.6	54.2
National Investors	304	309	1.0	1.1	None	None	99.0	98.9
National Securities—Stock	2,541	1,739	4.1	2.8	None	None	95.9	97.2
New England Fund	1,856	1,998	28.7	31.8	5.5	5.0	65.8	63.2
Selected American Shares	1,895	1,372	7.2	5.4	None	None	92.8	94.6
Sovereign Investors	10	16	1.5	2.3	4.8	6.6	93.7	91.1
State St. Investment Corp.	26,382	23,010	23.0	21.0	0.5	0.5	76.5	78.5
Wall St. Investing Corp.	781	717	21.4	20.9	None	None	78.6	79.1
Closed-End Companies:								
Adams Express	2,871	2,638	5.4	5.3	0.9	0.9	93.7	93.8
American European Securities	928	399	7.5	3.6	6.3	7.5	86.2	88.9
American International	708	601	3.0	2.7	1.5	1.5	95.5	95.8
General American Investors	7,247	7,835	13.9	16.2	None	None	86.1	83.8
General Public Service	1,173	772	6.9	5.0	None	None	93.1	95.0
Lehman Corporation	18,596	13,203	12.4	9.7	0.1	None	87.5	90.3
National Shares Corp.	1,736	1,756	13.8	14.6	4.6	5.2	81.6	80.2
¶Tri-Continental Corp.	2,116	516	1.2	0.3	14.8	15.6	84.0	84.1
†U. S. & Foreign Securities	2,606	4,539	4.4	8.1	None	None	95.6	91.9
U. S. & International Securities	5,331	7,388	8.5	12.5	0.1	0.1	91.4	87.4

*Investment bonds and preferred stocks: Moody's Aaa through Ba for bonds; Fitch's AAA through BB and approximate equivalents for preferreds. †Portfolio exclusive of securities in subsidiary or associated companies. ‡‡Name changed from Russell Berg Fund. ‡Name changed from Nesbett Fund. ††Name changed from Republic Investors. ¶March figures corrected. §June figures reflect acquisition of assets of Howe Plan Fund, Inc.

SUMMARY

Change in Cash Position of 62 Investment Companies

	Plus	Minus	Unchanged	Total
Open-End Companies:				
Balanced Funds	8	9	5	22
Stock Funds	7	20	3	30
Closed-End Companies	3	6	1	10
Totals	18	35	9	62

Lippman, Oertel Now With Edgerton Lofgren

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—William A. Lippman, Jr. and Daniel T. Oertel have become associated with Edgerton, Lofgren & Co., 609 South Grand Avenue. Mr. Lippman was formerly with Akin-Lambert Co., Inc. and prior thereto was manager of the trading deparment for Oscar F. Kraft & Co. Mr. Oertel was an officer of Floyd A. Allen & Co.

Changes in Common Stock Holdings of 46 Investment Management Groups

(March 31-June 30, 1953)

Transactions in which buyers exceed sellers—or sellers exceed buyers—by two or more management groups. Issues which more managements sold than bought are in italics. Numerals in parentheses indicate number of managements making entirely new purchases or completely eliminating the stock from their portfolios.

—Bought—			—Sold—	
No. of Trusts	No. of Shares		No. of Shares	No. of Trusts
		Agricultural Equipment:		
6(1)	20,900	Deere and Co.	15,800	4(1)
1	*1,000*	*J. I. Case*	*9,160*	*3(2)*
		Auto and Auto Parts:		
4(2)	5,700	Bendix Aviation	400	2
8(1)	2,575	Electric Auto-Lite[1]	2,050	2
7(1)	13,800	General Motors	10,400	3(2)
3(1)	*16,000*	*Chrysler*	*12,100*	*6(4)*
None	*None*	*Electric Storage Battery*	*4,800*	*2(1)*
2(1)	*5,800*	*Studebaker*	*15,100*	*5(2)*
		Aviation:		
4	4,900	Boeing Airplane	None	None
5(1)	4,800	Douglas Aircraft	100	1
5(2)	6,000	Sperry Corp.	None	None
6(2)	13,700	United Aircraft	2,400	2
		Building Construction and Equipment:		
3(1)	6,500	Carrier Corp.	None	None
3	3,600	Lone Star Cement	None	None
5(2)	26,100	National Lead	1,000	1(1)
2	700	Sherwin Williams	None	None
2	6,400	Trane Co.	None	None
3	4,400	Yale and Towne	300	1
1	*1,000*	*American Radiator*	*5,300*	*3(1)*
		Chemicals:		
3	18,900	American Cyanamid	23,000	1(1)
2	5,500	Atlas Powder	None	None
2	6,000	Diamond Alkali	None	None
9(2)	30,200	duPont	None	None
7	13,260	Eastman Kodak[2]	None	None
3(1)	6,300	Hercules Powder	210	1(1)
2	7,500	Int'l Minerals and Chemical	None	None
5(1)	9,300	Monsanto Chemical	None	None
2	2,500	Spencer Chemical	None	None
3	2,500	Texas Gulf Sulphur	None	None
3	7,900	Union Carbide and Carbon	300	1(1)
None	*None*	*Koppers Co.*	*11,460*	*5(4)*
		Containers and Glass:		
4(1)	22,200	American Can	None	None
5	19,200	Continental Can	1,000	1(1)
		Drug Products:		
10(4)	136,400	Merck and Co.[3]	17,200	3(2)
None	*None*	*Sharp and Dohme[3]*	*61,600*	*6(6)*
		Electrical Equipment:		
2(1)	3,380	Cornell-Dubilier	None	None
6(2)	13,100	General Electric	12,500	3(1)
3	1,500	McGraw Electric	100	1
6	42,100	Radio Corp. of America	12,600	3(2)
2	4,200	Robertshaw-Fulton Controls	None	None
2	1,100	Sunbeam Corp.	None	None
4	3,000	Sylvania Electric	2,000	2(1)
4	5,800	Westinghouse Electric	1,000	1
1	*1,500*	*Zenith Radio*	*8,900*	*4(2)*
		Financial, Banking and Insurance:		
2	3,000	Aetna Life Insurance Co.	None	None
2	3,809	American Re-Insurance Co.	None	None
2	16,500	Chase National Bank	None	None
4	7,840	Household Finance Corp.	None	None
2	250	Lincoln Nat. Life Insurance	None	None
2	13,600	Marine Midland	None	None
3(1)	5,940	Maryland Casualty	None	None
3	2,742	National City Bank of N. Y.	None	None
2(2)	600	New Amsterdam Casualty	None	None
2	3,900	Standard Accident Insurance	None	None
4(2)	940	Travelers Insurance	None	None
None	*None*	*Associates Investment Co.[4]*	*2,100*	*2*
2	*26,950*	*C. I. T. Financial Corp.*	*10,500*	*5(1)*
None	*None*	*Commercial Credit*	*5,100*	*4(1)*
None	*None*	*Continental Casualty*	*3,833*	*2*
None	*None*	*General Reinsurance*	*1,900*	*2*
		Food Products:		
3(1)	12,200	American Chicle	None	None
2	1,200	Borden	None	None
2(1)	14,000	Continental Baking	None	None
4(1)	2,500	General Foods	None	None
2	1,300	National Biscuit	None	None
2	5,400	National Dairy Products	None	None
8(2)	20,100	United Fruit	10,500	1
		Machinery and Industrial Equipment:		
6	5,400	Allis Chalmers	1,900	3(1)
2(1)	1,800	Briggs and Stratton	None	None
4(1)	4,600	Bucyrus Erie	500	1
2	2,100	Combustion Engin.-Superheater	None	None
2(1)	350	Ex-Cello-O Corp.	None	None
4	6,500	Food Machinery & Chemical	490	1(1)
1	*1,000*	*Joy Manufacturing*	*8,200*	*3(2)*
None	*None*	*National Acme*	*1,500*	*2*

—Bought—			—Sold—	
No. of Trusts	No. of Shares		No. of Shares	No. of Trusts
		Metals and Mining:		
16(4)	55,300	Aluminium, Ltd.[5]	670	1
2	2,600	American Metal Co.	None	None
2(1)	400	Magma Copper	None	None
2(1)	1,200	Newmont Mining	None	None
2	2,400	Pittsburgh Consolidation Coal	None	None
8(1)	9,910	Reynolds Metals[6]	465	1
1	*3,400*	*Alum. Co. of America[7] (new)*	*3,500*	*3*
		(old)	*3,200*	*2(2)*
1(1)	*500*	*Hudson Bay Mining & Smelting*	*12,200*	*3(2)*
		Office Equipment:		
None	*None*	*Burroughs Adding Machine*	*1,500*	*2(1)*
1	*2,000*	*Remington Rand*	*5,962*	*3(2)*
		Paper and Printing:		
3	2,900	Dixie Cup	None	None
6(2)	8,500	International Paper	1,000	1
7(1)	11,300	Marathon Corp.	17,700	3(1)
None	*None*	*Rayonier*	*26,600*	*2(1)*
None	*None*	*St. Regis Paper*	*4,400*	*2(1)*
		Petroleum:		
3	3,100	Anderson-Prichard Oil	None	None
3(3)	16,750	Arkansas Fuel Oil Corp.[8]	750	1(1)
4(3)	40,500	Buckeye Pipe Line	None	None
3(3)	87,500	Canadian Delhi Petroleum[9]	None	None
5(2)	14,200	Continental Oil (Del.)	1,500	2(1)
3	2,769	Hancock Oil "A"[10]	728	1
4(1)	29,500	Louisiana Land & Exploration	1,400	1
9(2)	17,400	Shell Oil	800	1
3	10,300	Sinclair Oil	21,900	1(1)
7(2)	30,200	Standard Oil of California	200	1
2	600	Superior Oil	None	None
6	26,100	Texas Co.	400	1
3(1)	3,700	Union Oil of California	None	None
2(1)	*1,000*	*Amerada Petroleum*	*2,800*	*4(1)*
1	*2,000*	*American Republics Corp.*	*8,150*	*3(1)*
1	*1,000*	*Gulf Oil Corp.*	*13,120*	*6(1)*
None	*None*	*Houston Oil Co.*	*8,900*	*2(1)*
None	*None*	*Humble Oil and Refining*	*2,100*	*2*
None	*None*	*Mission Development Co.*	*4,100*	*2(2)*
2	*3,000*	*Pure Oil*	*4,700*	*5(3)*
None	*None*	*Standard Oil of Indiana*	*3,400*	*3(1)*
		Natural Gas:		
3(3)	16,750	Arkansas Louisiana Gas Co.[8]	None	None
4(1)	14,000	American Natural Gas	10,100	1
3	12,000	Chicago Corp.	None	None
5(1)	69,000	Columbia Gas System	7,500	1(1)
2	10,700	Consolidated Natural Gas	None	None
5(1)	12,425	El Paso Natural Gas	1,600	1
4(2)	32,000	Lone Star Gas	None	None
9(2)	60,308	Northern Natural Gas[11]	None	None
2(1)	5,400	Oklahoma Natural Gas[7]	None	None
5(2)	12,700	Panhandle Eastern Pipe Line	None	None
11	5,204	Republic Natural Gas[12]	40	1
3(2)	10,500	Shamrock Oil and Gas	11,900	1
2(1)	6,900	Southern Natural Gas	None	None
None	*None*	*Arkansas Natural Ga "A"[8]*	*33,500*	*3(3)*
		Public Utilities:		
7(2)	39,517½	American Gas and Electric	11,200	3
13	53,325	Central & Southwest Corp.[14]	2,000	1
2(1)	67,870	Central Maine Power[15]	None	None
3	5,700	Columbus & Southern Ohio Elec.	2,400	1
3(1)	6,725	Commonwealth Edison	2,000	1
3(2)	6,300	Consolidated Edison of N. Y.	None	None
8(5)	110,300	Duquesne Light Co.[16]	None	None
2(2)	18,500	Florida Power Corp.	None	None
14(1)	67,623	General Public Utilities[17]	6,916	3
12(2)	111,425	Gulf States Utilities[18]	None	None
3(1)	7,000	Illinois Power	1,000	1
3	9,100	Interstate Power	None	None
3(1)	1,400	Louisville Gas & Electric	None	None
16(1)	79,872	Middle South Utilities[19]	3,000	1
9(2)	59,950	New England Electric System[20]	None	None
2	1,700	New England Tel. and Tel.	None	None
2	2,400	New York State Elec. & Gas	None	None
4	30,000	Northern States Power (Minn.)	5,300	1
5	12,800	Oklahoma Gas and Electric[21]	None	None
5(1)	28,500	Public Service of Indiana[22]	5,000	1
6(1)	36,600	Rochester Gas & Electric[23]	None	None
10(1)	67,800	Southern Company[24]	4,000	1
2(1)	3,600	Southern California Edison	None	None
8(4)	77,200	Texas Utilities	None	None
2(2)	28,000	United Utilities	None	None
2	2,300	Utah Power and Light	None	None
2(2)	6,000	Western Union Telegraph	None	None
1(1)	*291*	*Alabama Gas Corp.[13]*	*3,943.24*	*3(2)*
None	*None*	*Carolina Power and Light*	*2,040*	*2(1)*
None	*None*	*Delaware Power and Light*	*5,500*	*2*
None	*None*	*Niagara Mohawk Power*	*4,200*	*2(1)*
None	*None*	*Philadelphia Electric*	*8,000*	*3(1)*
None	*None*	*Public Service of Colorado*	*7,000*	*2*
		Radio and Amusement:		
5(1)	27,600	Columbia Broadcast. "A" & "B"	None	None
3(1)	1,800	Paramount Pictures	None	None

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
Railroads:				
5	11,700	Atchison, Topeka & Santa Fe	2,300	2(1)
2	8,200	Chesapeake and Ohio	None	None
2	2,000	Louisville and Nashville	None	None
2(1)	7,500	St. Louis-San Francisco	None	None
4(1)	12,800	Seaboard Air Line	1,800	2
6	12,500	Southern Pacific	10,900	3(1)
2(1)	4,000(new)	Southern Railway[7]	None	None
1	2,000(old)			
None	*None*	*Canadian Pacific*	*6,500*	*2(1)*
None	*None*	*Illinois Central*	*2,700*	*2*
1	*500*	*N. Y., Chicago & St. Louis*	*7,200*	*5(2)*
Retail Trade:				
4(1)	5,000	Allied Stores	2,100	1
2	4,600	American Stores	None	None
3(1)	800	Federated Department Stores	None	None
2	1,585	Food Fair Stores	None	None
5(1)	13,635	Grand Union[25]	None	None
2	2,600	Green (H. L.) Co.	None	None
3(1)	15,300	Jewel Tea Co.[26]	None	None
3(1)	7,500	Kroger Co.	None	None
3(1)	26,100	May Department Stores	20,000	1
2(1)	2,600	Murphy (G. C.) Co.	None	None
2	3,000	Safeway Stores	None	None
1	*900*	*Marshall Field*	*13,600*	*4*
2(1)	*700*	*Montgomery Ward*	*34,500*	*5(3)*
Rubber and Tires:				
6(1)	11,100	Goodrich	11,000	3
5(1)	21,520	Goodyear	6,200	3
4	2,400	United States Rubber	20,800	1
Steels:				
5(2)	7,200	Republic Steel	32,500	2
1	*5,000*	*United States Steel*	*19,200*	*3(1)*
Textiles:				
3(2)	6,000	Cluett Peabody	None	None
4(1)	6,500	J. P. Stevens	4,500	1
3(1)	4,500	United Merchants & Mfrs.	None	None
1	*2,000*	*Burlington Mills*	*3,880*	*3(1)*
1	*500*	*Celanese Corp. of America*	*36,000*	*3(1)*
None	*None*	*Robbins Mills*	*2,400*	*2(1)*
Tobaccos:				
5	16,900	American Tobacco	2,000	1
3(1)	4,600	Liggett and Myers	1,500	1
4(2)	11,900	P. Lorillard and Co.[27]	None	None
4	1,700	Philip Morris	1,500	1
7(3)	26,600	Reynolds Tobacco	500	1
Miscellaneous:				
4(2)	24,800	Minnesota Mining and Mfg.	None	None
None	*None*	*General Dynamics Corp.*	*8,300*	*2*
None	*None*	*Moore-McCormack Lines*	*5,250*	*2(1)*

—FOOTNOTES—

1 2,090 shares received as 5% stock dividend.
2 6,627 shares represent 5% stock dividend.
3 133,025 shares of Merck received in exchange for 59,100 shares of Sharp and Dohme. Basis: 2¼ for 1.
4 Excluding stock received in 3 for 1 split-up.
5 27,936 shares purchased through rights. Basis: 1 for 10.
6 5,700 shares equal 5% stock dividend.
7 Excluding shares received in 2 for 1 split-up.
8 Arkansas Fuel Oil Corp. (½ share) and Arkansas Louisiana Gas Co. (½ share) received in exchange for Arkansas Natural Gas "A" (1 share).
9 Distribution from Delhi Oil Corp.
10 4% stock dividend.
11 39,000 shares acquired with rights. Basis: 1 for 5.
12 4,126 shares represent 5% stock dividend.
13 Distribution from Southern Natural Gas.
14 38,676 shares purchased through rights. Basis: 1 for 14.
15 Exchanged for preferred shares of New England Public Service.
16 84,300 shares received for Standard Gas and Electric $4.00 preferred.
17 33,913 shares bought by exercising rights. Basis: 1 for 15.
18 42,325 shares received in 25% stock distribution.
19 37,242 shares acquired through rights. Basis: 1 for 14.
20 21,710 shares purchased with rights. Basis: 1 for 10.
21 3,130 shares purchased with rights. Basis: 1 for 10.
22 19,250 shares represent acquisitions through rights. Basis: 1 for 8.
23 20,055 shares bought with rights. Basis: 1 for 7.
24 34,548 shares acquired with rights. Basis: 1 for 17.
25 3,095 shares received in 5% stock distribution.
26 6,000 shares received in 2 for 1 split-up; 1,500 shares purchased through rights (Basis: 1 for 8).
27 2,785 shares purchased with rights. Basis: 1 for 7.

NOTE—This survey covers 63 investment companies, but purchases or sales of funds sponsored by the same management are treated as a unit. For example, the several funds sponsored by J. and W. Seligman are considered as having the weight of one manager. Changes in the portfolio of Whitehall Fund, which is included in this management group, include elimination of 11 issues acquired with the assets of Howe Fund Plan in June. Individual portfolio changes in Loomis-Sayles Mutual Fund are not surveyed, but those of Overseas Securities (which does not appear in the companion table) are included.

—SUMMARY—

Excess of Net Portfolio Purchases or Sales of 62 Investment Companies

Open-End Companies:	Bought	Sold	Matched	Total
Balanced Funds	10	3	9	22
Stock Funds	20	3	7	30
Closed-End Companies:	1	4	5	10
Totals	31	10	21	62

Continued from page 21

Funds Use Cash Reserves To Buy Utilities

5% dividend; an initial purchase was also made in this food chain.

Acquisition of Public Utilities Through Stock Offerings

The purchases of utility issues through stock offerings to shareholders during the quarter once again underscores the fact that at times a not inconsiderable chunk of investment company, and in particular mutual fund, money finds its way directly into the new issue market. During the second three months of the year all of the mutuals had net sales of their shares totaling $95.7 million, according to the National Association of Investment Companies. This represented the new money *coming into* the funds. Our figures include about 95% of mutual assets covered in the Association's compilation. Some of this new money the funds used to purchase bonds and senior equities. We might therefore arrive at a rough approximation of $85 million as new money available for *common stock investment* during the June quarter from the trusts which are included in this survey. The accompanying table shows at the very minimum the amount of money investment companies *paid out* for stock purchased through rights. A few other issues, in addition to the utilities, are included.

This approximate $7¼ million of stock bought through rights represents 8½% of the $85 million of new fund money we estimated available for common stock purchases during the quarter. Never let it be said again that investment companies do not provide new money *directly* to the capital blood stream of American industry!

The favorites in the utility group were those power and light companies listed in the table which stimulated purchases through distribution of rights. Sixteen managements originally purchased 37,242 shs. of Middle South Utilities through rights, but ten of these added 17,630 more shares. A 17th fund made a new commitment in a block of 25,000 shares, while another sold 3,000. A total of 53,325 shares of Central and Southwest was added to 13 portfolios, 38,676 also being purchased through rights, which almost matched the popularity of Middle South. General Public Utilities ranked among the three favorites with 14 funds adding a total of 67,623 shares. These included additions to eight portfolios and one initial commitment as well as five purchases made exclusively through the stimulus of rights. Three sales totaled 6,916 shares. Southern Company also gained topped recognition during the period. 34,548 shares were bought by nine managements through rights, eight of which made further acquisitions of 31,152 shares. Still a 10th made a brand new commitment of 2,100 shares; one block of 4,000 shares was sold. A sizable portion of New England Electric System purchases was also made through rights by seven trusts while two other funds made new commitments. Acquisitions totaled 59,950 shares with no offsetting sales.

Texas Utilities a Leader

Texas Utilities was the top purchase in the electric power and light group excluding those utilities which had whetted fund management appetites through special rights to shareholders. Four trusts added to portfolios and four more made initial commitments totaling in all 77,200 shares. No stock was sold. Seven managements also bought American Gas and Electric without the stimulus of rights, two making original purchases. There were three offsetting sales. Rochester Gas and Electric was bought by six investment companies, but over half the amount of shares purchased were again stimulated through rights. Tri-Continental made a new commitment in this utility of 14,100 shares. Rights were also used to acquire Public Service of Indiana. Thirty thousand shares of Northern States Power were added to four portfolios, while one block of 5,300 shares was sold. Purchased each by three managements were Columbus and Southern Ohio Electric, Commonwealth Edison, Consolidated Edison of New York, Illinois Power, Interstate Power and Louisville Gas and Electric. Besides stock received as a 25% distribution, there were three additions and two initial commitments in Gulf States Utilities. Duquesne Light stock received for Standard Gas and Electric $4 preferred by six trusts was supplemented by two new purchases totaling 26,000 shares. Selling in this group was fairly well scattered and was cut down 25% below that of the previous quarter. Three managements sold Philadelphia Electric and Alabama Gas Corp., the latter having been distributed by Southern Natural Gas earlier in the year. Two sales each were made of Carolina Power and Light, Delaware Power and Light and Public Service of Colorado.

Stock Purchased Through Rights Issued on Shares Held March 31, 1953

Company—	Basis of Offering	Thousands of Shares	Issue Price	Amount
Public Utilities—				
Central & Southwest	1-14	38.7	$20.50	$783,350
General Public Utilities	1-15	33.9	23.50	796,650
Middle South Utilities	1-14	37.2	23.25	864,900
New England El. System	1-10	21.7	12.00	260,400
Oklahoma Gas & Electric	1-10	3.1	24.50	75,950
Potomac Electric Power	1- 5	6.0	16.00	96,000
Public Service of Indiana	1- 8	19.2	31.50	604,800
Rochester Gas & Electric	1- 7	20.1	36.25	728,625
Southern Co.	1-17	34.5	14.00	483,000
Other—				
Aluminium, Ltd.	1-10	27.9	34.00	948,600
Jewel Tea	1- 8	1.5	33.50	50,250
Lorillard	1- 7	2.8	23.25	65,100
Northern Natural Gas	1- 5	39.0	35.25	1,374,750
Texas Eastern Production	*1- 3			
Total				$7,212,375

*On Texas Eastern Transmission.

Oils Still Bought

Although the bulls in oil stocks have topped the bears since the latter were in the ascendant in the third quarter of 1952, their margin of volume over sellers has been cut down gradually since December, as pointed out earlier. Thus, in that earlier period purchases exceeded sales by 67%; in the first quarter of 1953 this figure was 45%; and in the period under review—although the total volume of petroleum transactions rose—this margin was cut down to 30%. Shell was the favorite in the group, nine funds purchasing a total of 17,400 shares, two making initial commitments. Opinion had been fairly well divided in this issue during the first three months of the year.

Standard of California was next in popularity, five managements adding to holdings and two others making new acquisitions, totaling in all 30,200 shares. Slight favor had been shown this stock in the March quarter by two trusts. Ranking third in favor during the period under review was Texas Company, six investment companies adding 26,100 shares to their holdings; one small block of 400 shares was sold. While not too much enthusiasm had been shown for Texas earlier in the year, Continental Oil, on the other hand, currently enjoying the rank of number four with five trusts making purchases, had been the darling of the former period. Buckeye Pipe Line and Louisiana Land and Exploration were each currently liked by four funds, commitments totaling 40,500 shares in the former and 29,500 shares in the latter. Three managements each bought Anderson-Prichard Oil, Union Oil of California and Sinclair, the last named issue having been number two favorite earlier in the year. Socony, which

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Funds Use Cash Reserves To Buy Utilities

had been the third ranking oil in that period, now found opinion divided, as did Phillips Petroleum and Standard of New Jersey.

Gulf was the least popular stock in the oil department, six companies selling a total of 13,120 shares, one of which made a complete portfolio elimination; a block of 1,000 shares was bought. Managements were also cool to Pure Oil, three disposing entirely of existing holdings while two others lightened commitments. Two offsetting purchases equaled 3,000 shares. Four portfolio sales of 2,800 shares of Amerada were partially balanced by two purchase commitments totaling 1,000 shares. American Republics and Standard of Indiana were each sold by two funds.

Chemicals Popular

Chemicals, which moved up to displace the position as third best-liked group held by the rails in the March quarter, again featured their foremost blue chip, duPont. Two managements made initial commitments and seven others added to holdings, purchases totaling 30,200 shares, with a complete absence of selling. Monsanto also was a favorite as in the preceding quarter, five trusts buying a total of 9,300 shares; there were no sales of this issue either. Other popular chemicals, each added to three portfolios, were American Cyanamid, Hercules Powder, Texas Gulf Sulphur and Union Carbide. Four additions were made to holdings of Eastman Kodak besides the stock received as a 5% dividend distribution. The only concentrated selling in this group appeared in Koppers, four portfolio eliminations and one lightened commitment totaling 11,460 shares.

Natural Gas Transactions

Northern Natural Gas was the most popular issue in the natural gas group, which jumped from its March quarter rank of number 11 in industry preference to its present current position of fourth best-liked division. Two-thirds of the purchases of this stock was made through rights and part of the remaining third represented initial commitments in two portfolios. This contrasted markedly with management opinion in the first three months of the year when Northern Natural was the only gas stock to feel the brunt of any concentrated selling. El Paso Natural Gas, purchases of which had been stimulated in the March period through the initial distribution of rights, Columbia Gas and Electric and Pan Handle Eastern Pipe Line were each acquired by three trusts. Four purchases were made of American Natural Gas and Lone Star while three funds liked Chicago Corp. and the same number of companies bought Shamrock Oil and Gas. Selling was extremely light—one-third less than during the previous quarter—and was concentrated on no particular issue. Shares of Arkansas Louisiana Gas, as well as Arkansas Fuel Oil Corporation, were received for holdings of Arkansas Natural Gas "A."

Buying of the Rails

Buying of the rails, down almost 20% from the first three months of the year, was headed by six purchases of Southern Pacific totaling 12,500 shares. One portfolio elimination and two decreases equalled 10,900 shares. Sopac had also shared honors with Great Northern as favorite carrier earlier in the year. Santa Fe continued to attract buyers, as holdings of five investment companies were increased by 11,700 shares. Two sales totaled 2,300 shares. Seaboard was the third favorite rail as four managements acquired 12,800 shares. Two additions were made to existing portfolio holdings in the newly split stock of Southern while one block of 2,000 old shares was bought before the new shares were issued.

Also liked by two funds each were Chesapeake and Ohio, Louisville and Nashville and Frisco. Transactions were exactly evenly divided in New York Central, a purchase of 2,000 shares offsetting a sale of the same number. Three managements were on each side of the market in Great Northern stock and opinion was also mixed on Pennsylvania. Selling centered on Nickel Plate, two funds completely eliminating this carrier from their portfolios while three others lightened commitments. One block of 500 shares was purchased. Canadian Pacific continued to experience profit taking as during the preceding half year. Two trusts sold this issue as well as Illinois Central.

Stepped-Up Interest in Electrical Equipment

Purchases of electrical equipment issues were stepped-up about 20% over the March quarter with General Electric continuing the outstanding favorite. Two funds made new purchases while four others added to existing holdings, acquisitions totaling 13,100 shares; three managements sold 12,500 shares. Interest was apparently returning in Radio Corporation, six investment companies adding a total of 42,100 shares. However, there were two offsetting portfolio eliminations and another decrease. Sylvania and Westinghouse Electric were each liked by three trusts, maintaining somewhat of their popularity enjoyed earlier in the year. Three managements bought McGraw Electric and two each acquired Cornell Dubilier and Sunbeam. The only concentrated selling was in Zenith Radio, two funds completely disposing of their stock while two others lightened commitments.

Building Issues

The buying of building stocks, off over 10% from the preceding three months' period, was headed by National Lead. Three trusts increased holdings while two others made initial acquisitions totaling in all 26,100 shares. Carrier, Lone Star Cement and Yale and Towne were each liked by three companies and the only portfolio sale in the three issues was represented by the elimination of a block of 300 Yale and Towne. Two purchases were made of Sherwin Williams and a like number of trusts increased holdings of Trane. Selling was scattered with a slight concentration experienced in American Radiator, three funds disposing of a total of 5,300 shares.

Food Stocks

United Fruit far outdistanced the other food issues in its popularity with the investment companies, repeating its performance of the previous quarter when it was the only stock in the group for which any real preference had been indicated. Eight managements bought 20,100 shares, two purchases representing initial commitments. A decrease of 10,500 shares was made in a ninth portfolio. Also well-liked was General Foods, four acqusitions equaling 2,500 shares. Three trusts bought American Chicle while two purchases were made of Continental Baking, National Biscuit and National Dairy. As in the March quarter, selling on balance was very light and was not concentrated in any one issue.

The machinery and industrial equipment group was slightly less popular than earlier in the year with Allis Chalmers the favorite individual stock. Six trusts added a total of 5,400 shares to holdings. Three partially offsetting sales equaled 1,900 shares. Bucyrus Erie and Food Machinery were each purchased by four investment companies while Briggs and Stratton, Combustion Engineering and Ex-Cell-O were also liked by two managements. Joy Manufacturing was sold by three trusts as in the March period and two funds lightened commitments in National Acme.

Interest in the aircraft manufacturers increased noticeably over that of the first three months of the year, but there was no preference shown for the transport issues. Six purchases of United Aircraft totaled 13,700 shares. Douglas and Sperry were each bought by five managements and Boeing was added to four portfolios. Selling was very light and was directed at no single issue.

The division of opinion in the auto and auto parts group generally was reflected in the funds' transactions in individual issues. General Motors was bought by seven trusts while six sold Chrysler, four of these completely eliminating the latter issue from their portfolios. Also bought on balance were Bendix Aviation and Electric Auto-Lite (which also increased stock through declaration of a 5% stock dividend) while Electric Storage Battery and Studebaker were sold. Five sales of the latter totaled 15,100 shares.

Insurance and Finance Companies

Increased interest was apparent in the insurance stocks, purchases being made in life, fire, casualty and indemnity companies. Travelers was easily the favorite as four managements acquired a total of 940 shares of this high-priced issue. 5,940 shares of Maryland Casualty were acquired by three trusts with no portfolio liquidation. Other insurance companies each bought by two funds included Aetna Life, American Reinsurance, Lincoln National Life, New Amsterdam Casualty, Standard Accident and U. S. Fidelity and Guaranty. Continental Casualty and General Reinsurance were each sold out of two portfolios.

The two major finance companies experienced some liquidation during the June quarter. C. I. T. Financial was sold by five funds, although volume of purchases made by two others was almost two and a half times the sales. There were no acquisitions of Commercial Credit, on the other hand, with four investment companies selling holdings. Excluding the additional stock received from the split-up, there were two sales of Associates Investment Co. Household Finance was the one financing company liked by the funds as four increased their portfolio holdings.

Commercial banks were better thought of than the big finance companies, purchases being made by two or more trusts of National City of New York, Chase and Marine Midland.

The only concentrated activity in the drug division was in shares of Merck, almost all additions of which were received by Sharp and Dome stockholders on consummation of the merger. There were also three portfolio sales. International Paper was still popular with managements, six acquisitions duplicating the preference indicated in the previous period. Seven trusts also bought Marathon, while Dixie Cup was added to three portfolios. All five leading tobacco stocks were bought with Reynolds the favorite. Seven purchases of this issue were followed by five of American Tobacco, four of Philip Morris (the only stock in the group to be sold in the March quarter) and three each of Lorillard and Liggett and Myers. The number of purchase transactions in the tobaccos was five and a half times sales.

The Textiles

The textiles were also slightly favored by purchasers. J. P. Stevens, Cluett and United Merchants were bought while selling predominated in Celanese, Burlington and Robbins Mills.

Minnesota Mining and Manufacturing was the outstanding miscellaneous issue, two funds making new commitments and two others increasing holdings. Purchases totaled 24,800 shares. Goodrich, United States Rubber and Goodyear were all bought on balance by the bullish contingent.

Steels Mixed

Buying of steels was cut in half from the earlier three months' period when these stocks represented one of the ten most popular industry groups. Republic Steel was currently the only company for which any marked preference was shown, while United States Steel was sold on balance by three trusts. Opinion was evenly divided on Bethlehem which had been the favorite of the group in the two preceding quarters.

Aluminium Ltd. was the best-liked stock among miscellaneous metals and mining shares, even excluding purchases stimulated through the rights. Thus, there were four entirely new portfolio commitments and several open-market purchases. American Metal, Newmont Mining and Pittsburgh Consolidation Coal were also each acquired by two funds. Aluminum of America and Hudson Bay Mining and Smelting were sold on balance.

Vance, Sanders Admit Platt and Stevenson

Richard Platt and Alec Brock Stevenson have been admitted as of Aug. 1, 1953, to general partnership in the firm of Vance, Sanders & Company, principal underwriters for the largest group of mutual investment companies in the country, including Massachusetts Investors Trust and Boston Fund.

Mr. Platt, a native of New York City who now resides in Lake Forest, Ill., was educated at the University of Michigan and the Georgia School of Technology. He has been in the investment business since 1927.

Mr. Stevenson, born in Toronto, has lived most of his life in Nashville, Tenn., and from 1940 to 1951 was Vice-President of the First American National Bank in Nashville. He is a graduate and a trustee of Vanderbilt University and past President of the Vanderbilt Alumni Association. Active in banking and investment work for over 25 years, he is the author of a number of books and articles on financial subjects including "Investment Company Shares."

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The State of Trade and Industry

far ahead of the 14,752 of the corresponding 1952 week, when production was crippled by the steel strike.

Dodge again was idle on Monday of the previous week. As a result, Dodge, for the fourth consecutive week, has done only a four-day turn each week, instead of the usual five. The reason was a "parts shortage," "Ward's" stated. Meantime, Plymouth was hit by a walkout. Nash was "blacked out" for the fourth consecutive week and Kaiser for the fifth. Ford Motor Co.'s and General Motors Corp.'s production were "the bright spots" in the industry picture, it concluded.

Steel Production Expected to Climb Sharply This Week

Don't expect the Korean truce to take any great amount of pressure off the demand for steel, say "Steel," the weekly magazine of metalworking, the current week.

The truce is only that—a truce. While it is a step toward peace it is not a guarantee of permanent peace. We'll have to keep up our guard. Therefore, the United States armed services are still planning to spend about $43,200,000,000 in fiscal 1954, which ends next June 30. This exceeds the $43,000,000,000 spent in fiscal 1953 and $39,000,000,000 in fiscal 1952, it states.

Of the $43,200,000,000 to be spent in fiscal 1954, it adds, the portion going directly to industry will be $17,200,000,000, compared with $16,900,000,000 in fiscal 1953.

The new joint chiefs of staff are mapping plans on which spending in fiscal 1955 will be based, and it looks as though no substantial dollar reduction from fiscal 1954 can be expected, declares the trade journal.

Continuing, it says, a bigger blow to steel demand could come from civilian industries than from a drop in military expenditures. Defense requirements have strained the supply of some forms of steel, notably large bars, but the automobile industry's steel consumption is by far the largest determinant of the pace of the steel industry. The auto industry consumes around one-fifth of all the finished steel produced by U. S. mills.

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 97.1% of capacity for the week beginning Aug. 3, 1953, equivalent to 2,189,000 tons of ingots and steel for castings as against 92.6% (revised), or 2,087,000 tons a week ago. For the like week a month ago the rate was 92.8% and production 2,092,000 tons. A year ago the weekly production was placed at 1,866,000 tons and the operating rate was 89.8% of capacity.

Car Loadings Dip Below Previous Week

Loadings of revenue freight for the week ended July 25, 1953, decreased 10,709 cars, or 1.4% below the preceding week, according to the Association of American Railroads.

Loadings totaled 780,705 cars, an increase of 173,515 cars or 28.6% above the corresponding 1952 week when loadings were affected by the steel industry strike but a decrease of 39,771 cars or 4.8% under the corresponding 1951 week.

Electric Output Establishes Fresh All-Time High Record

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Aug. 1, 1953, was estimated at 8,511,622,000 kwh., according to the Edison Electric Institute.

This represented a fresh all-time high record and an increase of 51,195,000 kwh. above the previous week's figure of 8,460,427,000 kwh., the preceding high point for the industry.

The current total was a gain of 1,106,709,000 kwh. or 14.9% over the comparable 1952 week and an increase of 1,508,413,000 kwh. over the like week of 1951.

U. S. Auto Output Declines in Latest Week Due to Inventory-Taking

Automotive output last week declined below the previous week, due to shutdowns by Chryler Corp. and Packard Motor Car Co. for inventory taking, states "Ward's Automotive Reports."

The industry turned out 133,204 cars last week, compared with 134,447 in the previous week. A year ago, because of the steel strike, the weekly production was only 14,752 cars.

United States truck production last week totaled 26,022 compared with 26,690 the previous week. A year ago truck output was only 4,008 units.

Canadian companies made 8,721 cars last week, compared with 9,140 in the previous week and 2,279 cars in the like 1952 week. Truck production amounted to 1,743 units last week, against 2,597 the week before and 1,142 in the year earlier period.

Business Failures Register Mild Decline

Commercial and industrial failures dipped to 182 in the week ended July 30, from the 184 in the preceding week, Dun & Bradstreet, Inc., reports. Casualties exceeded the 152 and 171 which occurred in the comparable weeks of 1952 and 1951, but they remained 34% below the prewar level of 1939 when 277 were recorded.

Failures involving liabilities of $5,000 or more dipped to 152 from 161 last week, although they continued higher than a year ago when 125 concerns succumbed in this size group. Among small casualties with liabilities under $5,000, there was an increase to 30 from 23 in the previous week and 27 in the similar week of 1952. Fifteen concerns failed with liabilities in excess of $100,000, unchanged from last week.

Wholesale Food Price Index Turns Downward From Previous Week's High Point

The wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., turned lower last week for the first time in a month. At $6.70 on July 28, the index compared with the year's high of $6.75 a week earlier. It was 1.1% above the year-ago figure of $6.63.

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 Moves Moderately Lower

After reaching a new high for the year early in the week, the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., turned downward to close to 281.79 on July 28. This compared with 284.13 a week earlier, and with 292.64 on the corresponding date last year.

The trend in grains during the past week was irregular and mostly lower. News of a truce in Korea over the week-end had little effect on prices.

Rye showed the greatest decline largely influenced by expectations of increased imports from Canada where the rye crop was reported to be in excellent condition. Comparative steadiness in oats was attributed to reports of damage to this crop and the likelihood that imports of Canadian oats may be curtailed. Corn prices moved slightly lower although demand from shippers, feeders and commercial users was fairly active. Weather conditions were favorable for the growth of corn. Wheat closed moderately lower and prospects for the Spring wheat crop continued very good to excellent, but there was increasing concern felt over the development of stem rust. Trading in grain and soybean futures on the Chicago Board of Trade dropped sharply to a daily average of 47,500,000 bushels, from 59,700,000 the week before, and compared with 47,200,000 in the like week a year ago.

Buying of hard wheat bakery flours held to a hand-to-mouth basis the past week following the substantial volume booked in the preceding week. Spring wheat flours were also slow despite a downward adjustment in prices induced by lower cash premiums at Minneapolis. Cocoa values were firm most of the week but tended to sag as the week closed. There was some activity in futures attributed to manufacturer buying but demand for actuals remained quiet. Warehouse stocks of cocoa continued to rise and totalled 201,728 bags, compared with 186,893 a week earlier, and with 120,281 a year ago. Coffee continued strong and active with prices rising to approximately the peak reached last March, reflecting the favorable statistical position resulting from further frost damage in Brazil. Lard worked lower influenced by weakness in related markets.

Increased marketings in the Chicago livestock market resulted in sharp declines in cattle, hog and lamb prices from their recent peaks.

Cotton prices were somewhat easier last week as much needed rains fell in some of the drought-stricken parts of the belt. Tending to uphold prices were reports of fairly active demand for print cloths for delivery in the first quarter of 1954 and for certain sheetings. Mill demand for new crop cotton was less active, while buying of old crop cotton was limited to small lots for nearby shipment. Reported sales in the ten spot markets declined sharply and totalled 45,100 bales for the week, as compared with 87,100 a week previous, and 57,900 in the corresponding week a year ago.

Trade Volume Adversely Affected by Seasonal Influences the Past Week

Most retail merchants noted a slight slip in shopping in the period ended on Wednesday of last week. However, the total dollar volume of retail trade continued to be moderately higher than the level of a year ago. The slight deceleration in shopping was much less pronounced than the acceleration which followed the start of the Korean clash 37 months ago.

Many merchants attributed the dip to seasonal influences. As during recent months, suburban areas reported more favorable sales gains over a year ago than did large city department stores.

Retail dollar volume in the week was estimated by Dun & Bradstreet, Inc., to be from 1 to 5% higher than the comparable level of a year ago. Regional estimates varied from the corresponding 1952 levels by the following percentages: New England +1 to +5; Midwest and East 0 to +4; South and Southwest +2 to +6; Northwest and Pacific Coast +3 to +7.

Well above last year's sales level were frozen foods, beverages, and margarine.

Despite the early start of the traditional August promotions, the consumer interest in household goods remained rather weak. However, he total spent on consumer durables, including automobiles, continued to top the year-ago level. Furniture, large appliances, and used cars were in sluggish demand, while new cars, cooling devices, and music equipment sold rather quickly.

The accelerated trading tempo of recent weeks was sustained in most wholesale textile markets in the period ended on Wednesday of last week.

While the total dollar volume of wholesale orders was slightly larger than a year ago, the gain was much less pronounced than in recent months.

While the Korean truce had little immediate effect in most markets, there were some expectations of chary ordering in the months to come, particularly in light of the rather high inventories.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, for the week ended July 25, 1953, rose 5% from the level of the preceding week. In the previous week an increase of 2% was reported from that of the similar week of 1952. For the four weeks ended July 25, 1953, an increase of 5% was recorded. For the period Jan. 1 to July 25, 1953, department stores' sales registered an increase of 5% above 1952.

Retail trade in New York last week proved disappointing and the trade observers estimated that volume would reflect a drop of 3 to 5% from the level of a year ago. It was pointed out that the week ordinarily is "draggy" marking the summer's midpoint.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended July 25, 1953, registered an increase of 2% from the like period of last year. In the preceding week a like increase of 5% was reported from that of the similar week of 1952, while for the four weeks ended July 25, 1953, an increase of 6% was reported. For the period Jan. 1 to July 25, 1953, an increase of 1% was registered from that of 1952.

Public Utility Securities

By OWEN ELY

The Independent Telephone Companies

While there are hundreds of independent telephone companies handling the phone business not covered by the Bell System, a large proportion of these are small, with the stock privately owned. Of the large independent holding companies the most important are General Telephone Corp., Telephone Bond & Share Co. and Associated Telephone & Telegraph Co. Several other utility holding companies such as Citizens Utilities and United Utilities have some telephone subsidiaries. Some of the operating companies whose stock is held by the public are Central Telephone, Florida Telephone, Inter-Mountain Telephone, Peninsula Telephone, Rochester Telephone, Southeastern Telephone, and Southwestern States Telephone.

General Telephone is the largest independent system with operating subsidiaries in California, Texas, and a number of other states. It is capitalized at around $334 million. Including the pending offering of 300,000 shares of common stock, and assuming full conversion of the preferred stocks, the equity ratio would approximate 34%, it is estimated. The growth of the System has been extremely rapid, due not only to the postwar increase in the number of customers, but also to the acquisition of a number of smaller companies. Because the Bell System already has such a large proportion of the nation's phone business, it is not particularly anxious to take over independent companies, but General Telephone is in good position to do so. As the result of this double-barreled growth, revenues in the postwar period have increased about 258%.

The common stock has been selling recently on the N. Y. Stock Exchange around 39½ to yield about 5.6%, based on the $2.20 dividend rate (raised from $2 earlier this year). In the 12 months ended June 30, share earnings were $4.28 based on the average number of shares, compared with $3.32 in the previous period; based on outstanding shares, the respective figures were $3.54 and $3.25. If allowance were made for full conversion of the two convertible preferred stocks, share earnings would be reduced somewhat; but it is estimated that allowing for the pending increase in the number of shares and full conversion of the preferred issues, the company should be able to maintain share earnings around the $4 level or better in the future. If this estimate proves correct some further increase in the dividend rate appears likely.

Telephone Bond & Share is the third largest telephone holding company system with annual revenues of about $28 million. The growth of this system has not been so rapid, since it has been over-capitalized and not in as good position to acquire other independents by exchange of common stock. However, revenues have more than doubled in the postwar period to the present level of $28 million. The company was formerly under the supervision of Theodore Gary & Company of Kansas City, and the majority of the directors are in Chicago.

Telephone Bond & Share is a holding company, its subsidiaries furnishing telephone service in widely scattered sections of the country east of the Rockies, principally in the Midwest. Long-term debt and preferred stocks of subsidiaries are almost entirely held by the public, while TB&S owns about 93% of the common stock equity. Based on the pro forma balance sheet of Dec. 31, 1952 and giving effect to the reorganization which became effective a short time ago, the consolidated capital structure is approximately as follows:

Subsidiaries—		
Funded Debt Held by Public	$29,600,000	47%
Preferred stock held by Public	9,600,000	15
Minority Interest	500,000	1
Telephone Bond & Share—		
5% Debentures due 1958	8,700,000	14
5% Preferred Stock ($1 par)	6,300,000	10
*Common Stock Equity (650,000 shs. $1 par)	8,000,000	13
	$63,000,000	100%

*Includes $1.7 million intangibles; the plant account includes other intangibles not reported.

The pro forma consolidated income statement for 1952, which appears in the Reorganization Plan, shows overall coverage of charges and preferred dividends of 1.6 times and share earnings on the new common stock of $1.11. The 1952 report to stockholders mentions rate increases of $850,000 received during 1952 and $1,612,000 obtained in the first quarter of 1953. While these figures seem to indicate a substantial potential gain for 1953, somewhat similar increases were obtained in 1951-52 but were substantially offset by increased expenses. However, in addition to the rate increases, the company this year should obtain the benefit of a readjustment of toll revenues as between the Bell System and the independent companies. It has been estimated that this gain might amount to about $18 million for all the independents, and that the Telephone Bond & Share System might obtain about $1 million of this (retroactive to Jan. 1) which after income tax adjustment might equal about 74 cents a share. 1953 earnings might, therefore, be estimated at around $1.75 or better. The new common stock has been quoted over-counter recently around 13½.

Associated Telephone & Telegraph Company is another holding company organized and controlled by the Gary interests. This was also over-capitalized, but on Jan. 1, 1953 the company redeemed three of its preferred stocks with substantial arrears, leaving the Class A arrears to be taken care of later. On July 1, $42 was paid against Class A arrears and $1 for the regular accrual, leaving arrears of $41.

Joins du Pont Staff

(Special to THE FINANCIAL CHRONICLE)

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

With Samuel Franklin

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Harold Gersten is now with Samuel B. Franklin & Co., 215 West Seventh Street.

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The Security I Like Best

specifications, the company has continually broadened and strengthened its basic markets.

Sales last year reached a new peak at $274 million compared with $195 million in 1951. Earnings rose from $6.20 per share to $7.51 last year—after deducting excess profits taxes equivalent to $3.95 per share.

Present estimates, after allowing for aircraft program rescheduling, are for 1953 sales to reach over $300 million. Net profits, after full excess profits taxes, are projected at a minimum of $8 per share.

Earnings for the first six months of 1953 were $4.37 per share, compared with $3.07 a year earlier. The company is heavily in the excess profits tax bracket and on a straight 52% tax basis, first half earnings would have been about $6.50 per share.

The company also has a heavy "cash flow" with 1952 depreciation and amortization charges equivalent to $3.20 per share. So far this year, it is running at a rate of over $4 per share.

Occupying a strong position in the jet and turbine engine programs—through its excellent engineering—aircraft shipments account for some 70% of total sales. Original auto equipment represents about 18% and replacement parts some 10%. While auto industry sales, as a whole, are likely to be lower in 1954 and 1955, Thompson is expected to maintain its volume around the excellent 1953 level. This relative gain over the industry is predicated on the increased use of new products—such as the newly developed ball-joint front wheel suspension units.

It is expected that Thompson would retain substantial aircraft business should hostilities cease in Korea. Actually, it appears that the company's position has been strengthened somewhat in more recent months since, under the present procurement program, marginal engine producers such as Packard and Studebaker have had their defense production cut back.

Automotive replacement parts business—which now runs around $30 million annually—represents a steady source of income and normally affords a relatively wide margin of profit.

With 1953 earnings likely to exceed $8 per share, and considering the strong excess profits tax "cushion" for next year along with the relatively heavy "cash flow" of some $4 per share, I would look for an eventual increase in the $2 dividend rate. Meanwhile, a 10% stock dividend has been declared — payable in September — to supplement the present cash rate.

Having already declined this year from 61¾ to about 49—ostensibly reflecting chiefly the vagaries of a Korean truce—I believe the shares of this well situated and aggressively managed enterprise merit consideration in view of: (a) excellent engineering position and background; (b) prospect of record high 1953 sales; (c) new earnings peak of over $8 per share; (d) substantial "cash flow"; and (e) eventual dividend increase.

Jack Bitting Thomas

Jack Bitting Thomas, associated with the Thomas Investment Company of Wichita, Kansas, was killed at San Salvador, El Salvador, in the crash of a Pan American mail transport and another plane in which he was a passenger.

Railroad Securities

Atchison, Topeka & Sante Fe

Although the news had been widely publicized, and certainly came as no surprise, actual signing of the Korean truce agreement was the signal for a wave of selling of railroad stocks and some of the speculative railroad bonds. Leaders in the group gave ground fairly easily in the opening sessions last week. There was a recovery move later in the week and this carried over into the opening of the current week, but on the whole the action was not too impressive from the point of view of those advocating a bullish attitude toward carrier shares. The failure of railroad stocks to make any real progress, although they have outperformed the industrial list so far this year, is particularly surprising in the light of the highly favorable June and six months' earnings reports recently released.

One surprisingly good June report was that of Atchison, Topeka & Santa Fe. Santa Fe is one of the principal carriers of winter wheat in the country. The winter wheat crop this year was substantially lower than that of a year ago, particularly in Kansas where Santa Fe has an extensive network of lines. Even with the large carry-over from last year's bumper crop that was known to be in storage it had been assumed that Santa Fe's June earnings would suffer. Lending support to this theory was the fact that the road's aggregate car loadings for the month were moderately lower than they had been in June, 1953.

Despite the drop in traffic, June revenues were 6.4% higher than in June, 1952, practically the same rate of improvement that had been witnessed in the five preceding months as a whole. Moreover, expense ratios, including the important transportation ratio, continued on the down trend. Thus, net income, and earnings on the common stock, were again higher. For the first half as a whole the record is very impressive. Gross revenues advanced 6.7% and the transportation ratio was cut another two points, to 29.8%. Maintenance outlays were also well controlled and the overall operating ratio was down to 68.5% from 71.7% in the like interim of a year ago.

For the six months through June, 1953 common share earnings amounted to $7.21 compared with $5.62 a share earned in the first half of 1952. Even if the second half results were to do no more than match those of a year ago this would indicate earnings of $14.88 a share for the current year. Actually, further year-to-year gains appear likely in coming months, based both on the general business outlook and the trend toward even further operating economies. Final results for the year will, of course, be strongly influenced by dividends paid by the wholly owned subsidiaries. Press reports indicate that the management expects earnings of these subsidiaries to be about the same this year as in 1952. If the dividend distributions also are unchanged many analysts look for Santa Fe earnings of above $15 a share this year.

In many quarters Santa Fe common is looked upon as the prime investment in the railroad stock list. It has a very conservative debt structure. Non-equipment debt has been reduced by more than a third since the prewar years and is now represented by less than $200 million of non-callable 4s due in 1995. To further solidify its position the company last year set up a voluntary retirement fund for these bonds. Although a large amount of new equipment, including a big diesel fleet, has been purchased in recent years the equipment debt is no more than nominal. At the end of last year it amounted to $2,520,-163, with the final maturity early in 1955. The company has a strong financial position, with working capital equivalent to more than 14 years' fixed and contingent charges. The road operates in one of the best growth territories in the country so that the long-term traffic outlook is highly favorable. Finally, financial circles are optimistic over the prospects for gradual further liberalization of the dividend policies above the present $5.00 regular and anticipated year-end extra which may well match last year's extra of $1.25 a share.

Ernst Wolfgang With Wm. M. Rosenbaum Co.

Ernst Wolfgang, formerly partner in Ackerman & Co. has become associated with Wm. M. Rosenbaum & Co., 285 Madison Avenue, New York City, members of the New York Stock Exchange.

He received his early experience in the Frankfurt-on-Main firm of the New York banking house of Speyer & Co. This association gave him a very comprehensive knowledge of European markets and all foreign securities. From 1944 to 1951 he was associated with Carl M. Loeb, Rhoades & Co.

Mr. Wolfgang was awarded the degree of Doctor of Economics by the University of Frankfurt-on-Main and has done post-graduate work in the School of Business at N. Y. U. and Columbia. He has frequently contributed to magazines and is the author of two books, "Price Fluctuations in the Bond Market" (1931) and "Palestinian Securities" (1937).

Joins Shearson, Hammill

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Willis C. Bremner is now associated with Shearson, Hammill & Co., 520 South Grand Avenue. He was formerly with Walston & Co.

Wm. R. Staats Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Richard N. Bon has been added to the staff of William R. Staats & Co., 640 South Spring Street.

Joins Holton, Hull

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Herman Sims has become connected with Holton, Hull & Co., 210 West Seventh Street, members of the Los Angeles Stock Exchange.

With Standard Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Arthur B. Hicks, Jr. is now connected with Standard Investment Co. of California, 210 West Seventh St.

Dean Witter Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — C. Frank Lee is now affiliated with Dean Witter & Co., 632 South Spring Street. He was previously with Walston & Co.

Joins DeHaven, Townsend

(Special to THE FINANCIAL CHRONICLE)

STAMFORD, Conn.—Joseph P. Chiappetta has been added to the staff of DeHaven & Townsend, Crouter & Bodine, 77 Bedford St.

Securities Salesman's Corner

By JOHN DUTTON

Today's Business Is a Result of Yesterday's Planning And Effort

See if this doesn't add up and check out with your own experiences. Time and again I have observed that orders developed in the natural course of a salesman's efforts are almost directly traceable to work that has been expended weeks or months before the actual transaction took place. If there ever was a kind of endeavor where seed-sowing was necessary before the crop began to grow it is the investment business. Good-will can only be developed through contacts that are carefully nourished. Many have been the times when I have not made any particular effort to close immediate business, but instead of trying for the order have become better acquainted with a possible customer and it has always been the better way. Later on when an opportunity presented itself to offer suitable suggestions for investment the resulting business was most satisfactory.

This is why "contacting" and learning to know qualified investors is so necessary if you wish to constantly build up your clientele. There are salesmen who believe that, after they have a limited number of customers, they can make a living sitting in the office and calling these same people on the telephone whenever a new offering becomes available. There may be a few fortunate order-takers in control of some very large accounts who might be able to do this for a while at least. But even they may run into the time when a few large accounts are no longer available to them and it is a weak reed upon which to build a business at best. When you have a well diversified list of clients, large investors and small, retired people, middle income savers, some institutions and even some speculators who know the score, you can keep busy servicing their accounts along the lines that they desire. There is safety in numbers and before you can enjoy the benefits from a well-balanced expanding clinetele you have to sow the seed.

Here's a Sample of Good Seed-Sowing That Works

Several months ago a young friend of mine who is now building a clinetele of investors learned that his church desired to build a new edifice. In order to do so it was necessary to sell a first mortgage bond issue for about $90,000. He went to several of the committee meetings and offered his services not only to help sell the bonds. but also to write the bond indenture and set-up the mechanical details of the issue. Since no one was qualified to do this, his services were gladly accepted by the appropriate church committee. The work was well done and his first contact that was helpful to him developed right in the committee itself. He made friends there among older men who appreciated his services, and he sold himself to them by his competence and his sincere desire to be helpful to his church. Next he went out and sold some of the bonds—he did this without compensation and in fact he made no charge at all for any of his work. But he met some people that he probably could never have met in years, nor under as favorable circumstances as he did in this instance. He told me that he believes that several investors who bought the church bonds can be developed into very substantial accounts. He found investors that he didn't even know existed right in his own church. This work will pay him eventually, even if he received nothing for a very successful job which he helped his church to accomplish.

It is not necessary to look for opportunities such as the foregoing everyday. But situations for public service do arise and if you can show your abilities and your personality to advantage, by rendering a good service among people who can become your future clients and friends, then all to the good. On the other hand, it is the day-by-day meeting of peoply right in their offices and their homes where you can build "contacts" that will later on develop into customers. I have found out that if you will make the calls, make friends, take an interest in the other fellow's problems, listen intelligently and sympathetically to his side of the story, and you build good-will week by week and month by month, **there is never a time when you will be at a loss for business.** It is yesterday's work that brings today's orders.

FHLB Notes on Market

Public offering of two new issues of non-callable notes of the Federal Home Loan Banks totaling $140,000,000 was made on Aug. 4 through Everett Smith, fiscal agent for the Home Loan Banks, with the assistance of a nationwide group of securities dealers. The issues comprise $40,000,000 of 2.60% series F-1953 non-callable consolidated notes dated Aug. 17, 1953 and due Nov. 16, 1953 and $100,000,000 of 2.875% series B-1954 non-callable consolidated notes dated Aug. 17, 1953 and due April 15, 1954. Both issues are priced at 100.

Proceeds from the offering will be used to refund $140,000,000 of 2.30% series E-1953 consolidated notes maturing Aug. 17, 1953.

The notes are the joint and several obligations of the Federal Home Loan Banks and are legal for investment by savings banks, insurance companies, trustees and other fiduciaries under the laws of many states.

Upon completion of the current financing and the retirement of the note issue maturing on Aug. 17, 1953, outstanding note obligations of the Federal Home Loan Banks will aggregate $251,000,000.

S. F. Exchange Member

SAN FRANCISCO, Calif.—Ronald E. Kaehler, President of the San Francisco Stock Exchange, has announced the election of David C. Kuh to membership in the Exchange. Mr. Kuh, a general partner of Hooker & Fay, acquired membership by transfer from Charles W. Fay, Jr.

The general partners of Hooker & Fay are: Messrs. Chas. W. Fay, Jr., John S. Logan, Hartley F. Hutchings, Dave H. Coddington, Palmer C. Macauley, David C. Kuh, and Cedric B. Macauley. John R. Hooker and Gardner W. Mein are limited partners.

Dean Witter Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—James E. Ryan has been added to the staff of Dean Witter & Co., 632 South Spring Street. He was previously with Walston & Co.

Bryan & Co. Formed

HOUSTON, Tex.—Bryan & Co. has been formed with offices in the Scanlan Building to engage in the securities business.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government market seems to have reached the point where buyers of securities are going to take a little time out to evaluate conditions in order to find out what they should do from here on in. Demand for short-term issues is still substantial and these securities continue to be the most important ones as far as volume and activity are concerned. The August refunding was in line with expectations and as such was taken pretty much in stride. With this one out of the way, thoughts are now turning towards the Sept. 15 operation which will be a much more important undertaking. There seem to be opinions around that an option deal will be worked out for the owners of the 2s that come due the middle of next month.

Profit-taking and the demand for funds in private deals seems to have taken some of the edge off the longer-term government market. Despite the demand for loans, which is usual at this time of the year, there is not expected to be any appreciable hardening in money market conditions.

Although there is no change in the debt limit at this time, the testimony given seems to indicate there will be no shortage of government securities the balance of the year.

New 2⅝s Well Received

The refunding of the Aug. 15, 2% certificates with a one-year 2⅝% obligation was in line with what the financial district had been expecting. There had been considerable talk for some time about the kind of issue that might be used to take care of the $2,882,000,000 of maturing certificates and there was practically no disagreement with the opinions that a one-year obligation with a 2⅝% rate would most likely be employed by the Treasury. From all indications the new 2⅝s were very well received and the amount of cash-ins have been well within limits that are considered favorable. Holders of the Aug. 15 certificates, according to reports, have gone along very well with the refunding issue because the rate is attractive and it fits well into their maturity requirements. In addition, there have been some very important changes in money market conditions since the June 2⅝s were issued by the Treasury and these have made it possible for the owners of the maturing certificates to take the 2⅝s instead of cash.

September Refunding More Formidable

With the August operation out of the way, there is not too much on the horizon to disturb the money markets until the Sept. 15 maturity comes along. The early fall refunding, however, is an important one because it will be a much larger undertaking than that of Aug. 15. The 2% bonds that mature Sept. 15 are outstanding in the amount of $7,986,000,00 and this security was issued originally in 1943 as an eight-to-10-year obligation. The way in which this sizable maturity is handled by the Treasury will be a point of no little interest as far as the money markets are concerned.

Although there is no question but what it can be taken care of with a short-term obligation, there is more than a passing amount of interest as to whether or not a combination offer will be made to owners of the maturing 2s. As to what might be made available is a matter of considerable conjecture at this stage of the game even though there is talk that an intermediate term issue might be part of the package.

More Than 1-Year Refunding Likely

On the other hand, there is some talk that a long-term obligation might be used in the September operation but there is not too much support yet appearing for this idea. If the Treasury is to extend maturities as they have indicated in the past, there will, however, have to be something other than a one-year issue offered to the holders of the Sept. 15 maturity. The latest available figures, those of April 30, 1953, show the largest owners of the maturing 2% bond to be the commercial banks and there is considerable question as to whether or not they would be inclined to go along with anything but a short-term obligation. To be sure, with an option deal, there might be some owners that would be interested in an issue other than a near-term one and in the amount in which they took the more distant maturities there would be some pushing out of the due date of the debt.

Market Not Affected by Truce

The Korean truce up to now has not been much of a factor as far as the money markets are concerned because there has not been enough time or developments yet to indicate whether or not it will bring about changes that could be beneficial to the government market. If the cessation of hostilities in Korea should, however, result in an improvement in the whole international situation there would no doubt be some things coming out of this that should have a favorable effect upon the money market.

Reserves Revision Doubted

Again there is talk about further changes in reserve requirements but these rumors are not being taken too seriously. When the authorities make revisions in reserves of the commercial banks it is a major development and one which does not happen too frequently. There are other ways in which conditions in the money markets can be handled without resort to changes in reserve requirements. Open-market operations is one of the more flexible devices that can be used.

Frank Russell Co. Formed

TACOMA, Wash.—Frank Russell Co., Inc. has been formed with offices in the Rust Building to engage in a securities business. Officers are Frank Russell, President and Treasurer and George F. Russell, Vice-President and Secretary.

Form Phila. Secs. Co.

PHILADELPHIA, Pa. — F. B. Diamond and W. V. Musser have formed Philadelphia Securities Co. with offices at 1526 Chestnut Street to engage in the securities business. Both were previously with Hornblower & Weeks.

Glenn Thompson With Drexel in New York

Drexel & Company announced that Glenn D. Thompson has become associated with them in their New York office, 14 Wall Street. Mr. Thompson has been active in the New York Municipal Bond field for many years, having been associated with the Chemical Bank & Trust Company and, more recently, The National State Bank of Newark as Assistant Manager of the Bond Department. Mr. Thompson is Secretary of The Bond Club of New Jersey.

Glenn D. Thompson

W. H. Putnam Heads Conn. Credit Agency

HARTFORD, Conn. — William H. Putnam, senior partner of Putnam & Co., Hartford, has been elected President of the Connecticut Development Credit Corporation. The Corporation was created by the Connecticut General Assembly for the development of industry in Connecticut and is privately financed.

Joins Hincks Bros.

(Special to THE FINANCIAL CHRONICLE)

WATERBURY, Conn.—Daniel J. Noonan is now with Hincks Bros. & Co., Inc., 35-37 Prospect Street.

With Robert C. Buell Co.

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, CONN. — Norbert O'Connor has become associated with Robert C. Buell and Company, 36 Pearl Street.

Coburn Middlebrook Add

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—Wallace E. Hatch, Jr. has become associated with Coburn & Middlebrook, Incorporated, 100 Trumbull Street.

With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn. — James L. Bauer has become associated with Paine, Webber, Jackson & Curtis, 111 Pearl Street.

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As We See It

position to do so without fear that opponents will point the finger at him with the accusation that he must share responsibility for the conditions of which he now complains. It is Senator Byrd who has most consistently opposed the profligacy of his own party. It is Senator Byrd who has most vigorously insisted that outlays should be drastically reduced. It is Senator Byrd who has repeatedly said that the Eisenhower Administration was not going far enough either in reducing expenditures or in increasing tax collections. It is, accordingly, with a clear and clean record that the Senator is now able to make use of the present debt limit issue to call the attention of the public in arresting terms to the whole situation of which this is a part.

The Eisenhower Administration and the Republican leadership in Congress has probably gone about as far as could be expected, all things considered, in making immediate reductions in outlays and in refusing to surrender to hasty and ill-considered demands for tax reduction. The volume of current outlays is controlled far more than the ordinary man might realize by acts performed prior to the entry of the present Administration into office. This is true not only of the volume of ordinary commitments, many of which if made at all must be made considerably in advance of actual expenditure; it is an unavoidable consequence of such programs as defense preparations where the Federal Government in the normal course of events in effect orders vast quantities of all sorts of things COD. These latter are now being delivered or are about to be delivered. They have to be paid for, and there is little the present regime can do but pay for them.

Next year and the next must tell the real story of the determination and the ability of the Republican party—with the help of able men from the opposing party—to get our fiscal house in order, and it is upon these coming months that Senator Byrd evidently has his attention fixed. It is certainly upon them that we wait with an admixture of hope and anxiety. From the Executive branch still come frequent avowals of a determination to reduce expenditures further, to renovate our tax structure and to balance the budget within a reasonable time. There is no reason to doubt the sincerity of these pronouncements. What is open to question is whether the powers that be always recognize fully what is inevitably involved in keeping these promises, and whether when the pinch comes they will or they can do those things which can not be avoided if financial soundness is to be achieved.

Whether they will meet these issues squarely—indeed whether they can do so effectively—will depend in large degree upon the attitudes developed meanwhile among a somewhat lethargic and ununderstanding public at large. We still have outstanding men in Congress, like Senator Byrd, who understand these matters and who have the will and the courage to act in accord with the requirements of the situation, but we may as well face the fact that the great rank and file of our lawmakers follow rather than lead the thinking of the bulk of their constituents.

The People Must Be Taught

The vital task of the statesmen of this day and generation is to bring the people at large to a firm conviction that (1) fiscal solvency must be attained not only abroad but right here at home, and attained promptly, if something akin to disaster is not to follow; (2) that fiscal solvency, or at all events, fiscal soundness, will be difficult if not impossible to achieve without drastic reduction in the number and the scope of things the Federal Government undertakes to do; and (3) that the best interest of the individual, regardless of what he may appear to be gaining by being a suppliant at the feet of the fatherly government, lies in a financially sound national government.

Now it is extraordinarily difficult for the ordinary man to keep well informed about appropriations while they are being planned and put through the legislative mill. If the machinery of government had been planned to render it the more difficult to effect orderly and understandable procedures it could not have been designed to achieve this end more effectively than is now the case. Even members of Congress themselves, find it all but impossible to keep track of appropriations as they are enacted. What is more, legislation governing expenditures and thus more or less controlling appropriations is carried forward earlier and by a different group of legislators. The situation is not one which can be readily dramatized before the general public.

If now the inevitable consequence of reckless fiscal management of the past—further rise in debt—can be used to bring the whole matter sharply to the attention of the rank and file, something may be accomplished which would otherwise be difficult of achievement.

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Capital Gains Tax Hard On Real Investors

on to what they have, even though a change to other investments might clearly be to their advantage. I can't tell you why this is so, but I know that it is so.

Experience With "E" Bonds

It is reflected in our government's experience with the holders of savings bonds. Nearly everyone expected a much higher percentage of the holders of savings bonds to cash them in immediately after the war. The government has had further evidence of this tendency with the holders of savings bonds which have matured. For example, I noted in a recent Treasury Department Information Bulletin that "At the close of June, 1953, the owners of three-quarters of the $7,400 million E bonds which had matured to that date were holding them beyond maturity under the optional automatic program." I have also seen recent surveys which indicate that substantial numbers of people owning savings bonds and other liquid assets are holding on to them, even though they have to borrow money for automobiles, refrigerators, etc., at higher interest rates than they are getting on their bonds, etc. The reason I mention this factor must be obvious. With the natural tendency of a "real investor" to hang on to what he has, and in general I consider this the really sound method of making investments, it nevertheless follows that any additional tax obstacles or penalties placed in the way of transferring property on the basis of sound business judgment is doubly effective in "freezing" or "locking in" investors with capital gains.

Decisions Based on Tax

We, of course, run into this tendency every day. In many cases in which, in our judgment, a customer who is consulting us would be wise to get out of one security and into another and where we can show him that the prospects with the recommended new investment are better, even taking into consideration the capital gains tax he will have to pay, in too many cases he will just not pay what he considers to be a 25% transfer tax or capital levy on the gain. And indeed, that's what it amounts to when a real investor with a capital gain merely wants to shift his capital from one security to another. Putting it another way, too many investors today are making investment decisions on tax considerations alone, rather than good business judgment, and for the long pull that is not a sound situation.

Effect on Equity Capital

Of course the capital gains tax has a profound impact upon the equity capital problem, the solution of which in turn has so much to do with the successful future functioning of our economy. The figures already placed before this committee in its hearings on the problem of double taxation of corporate dividends show clearly that we must provide additional incentives to get more and more people interested in equities if the capital structure of American business generally is to be placed on a sound basis and with an appropriate ratio of debt to equity. Certainly one of the prime incentives to investments in equities is the possibility of capital appreciation or growth as well as dividend income. You have already heard suggestions for increasing the incentives dividend-wise. It must be obvious that similar relief is indicated with respect to the capital appreciation factor if this problem is to be solved.

Closely Held Companies

The present capital gains tax rate has other unfortunate results. Many people in closely held corporations will not sell or refinance their companies due to the large capital gains tax involved, even though their own best interests and the interests of their families would be better served if they did so. Rather than pay the high rate, these people take the alternative of retaining their investment and die with it in their estates. Such a course avoids the capital gains tax, but in many instances it forces their estates to sacrifice, under distress conditions, a profitable business with the resulting loss of tax revenue to the government, to say nothing of the economic hardship on their families.

One-Man Business

Here is a typical example of what we frequently encounter. A young man 25 years of age invests all his capital — $5,000 to be exact — in a modest business. He plans and works very hard and, chiefly because of his industry, that modest business grows and prospers. Forty years pass and that man is 65 years of age. His original investment of $5,000 has grown and grown in value and his business is now worth $400,000. His whole business life has gone into that enterprise and its present value is the result. Practically all of his potential estate is in that enterprise.

There are many reasons why he should dispose of it. (1) He is now 65 years of age and is not in the best of health. (2) He has a responsibility to his family, particularly his wife, to see that they are reasonably protected in the event of his death. (3) Should he die, his executor would be forced to sell a very substantial portion of his business (probably at a price far lower than its true value) in order to pay the Federal and State inheritance taxes. (4) He feels a responsibility to his associates and employees who helped build this business that it shall continue. All these things he readily admits.

But, if he sells now, he will have a long-term capital gain of $395,000 upon which to pay tax. The tax at 25% would amount to $98,750. Although he knows that good sound business judgment and common sense dictate that he should sell out, he cannot bring himself to do that thing which would require him to pay approximately $98,000 additional tax. He considers it excessive. He doesn't feel that the resultant benefits to himself and family are worth $98,000. So he doesn't sell and the U. S. Treasury gets no capital gain tax. If the tax rate had been substantially lower he undoubtedly would have felt differently about it and the Treasury would have received at least substantial revenue instead of nothing. And, in addition to the capital gain tax, the Treasury would also still receive the Federal estate tax upon his death.

Practical Solution

Of course the ideal solution would be to abolish the capital gains tax completely on real capital gains. I recognize that in our current situation and with our present needs for revenue, such a step would be impracticable at this time. We should make a start, however, in this direction. My recommendation is that we make such a start by cutting the effective rate in half. On the basis of our experience with customers, and with companies such as I have just referred to, I am certain that such a reduction in the rate would encourage an "unfreezing" of presently "locked up" accounts, and other transactions which are presently not being consummated for capital gains tax reasons, in such volume as to produce substantial net additional revenue to the Federal Government, not only from the capital gains tax itself but from transfer taxes and general income taxes on increased volume of business.

Increased Revenues

It seems to me, therefore, that this is one of those very happy situations in this tremendous job you have before you where, by **a tax change and a tax reduction**, you can bring about highly desirable economic effects, add an incentive to investments in equities, make a contribution to the solution of the equity capital problem and, in my judgment, for next year and ensuing years, **actually increase Federal revenues** from this form of tax and related taxes.

The Holding Period

At first blush it may seem strange that I should mention the problem of the holding period, speaking as I do in behalf of the long-term investor. You would expect such an investor ordinarily to hold an investment for more than six months and thus really not be concerned about the present holding period. However, here again you would be surprised at the number of cases where this provision of the tax law is the determining factor for the "real investor" in selling or holding, rather than good business judgment.

Restraint on Sales

I don't have the figures, but I know from experience that many of our customers do hold securities for many years, and this is good where sound business judgment, based upon all the facts involved, would dictate such a course. On the other hand, we have also seen many situations where a customer purchased the stock of company A for long-term investment and where the stock had an immediate rise in price. However, the situation of company A changed substantially in two or three months after the purchase. This situation can come about because of a great variety of unforeseen and unforeseeable developments such as the destruction of a plant, the introduction into the market of a competitive and better product, long strikes, death or other loss of top management, and a host of other similar events. In these circumstances, in my experience, customers are very reluctant to sell and change to another investment, if they have a capital gain, until after the expiration of the present six-month holding period, and yet all business considerations would indicate that they should. It does not seem to me fair that a genuine investor should be so hampered and penalized.

On the other side of the coin, there sometimes develops a substantial run-up in the stock of a company based on news of some discovery, or of some new product, or of some new engineering development. In these instances the true investor is frequently deterred from selling when he should, because of the tax penalty if the six month period has not expired, where in his opinion the advance in the price of the stock is considerably in excess of the added benefit which may accrue to the stock from such a development.

Effect on Free Market

So the stock has a further advance than it would otherwise have, merely because the elements which go into the making of a free market are not present. And occasionally the decline of the stock, because it has had an unrealistic rise, is all the more precipitous. It is frequently difficult enough to get an investor to sell his shares even when there have been unfavorable developments in the company and where no capital gain is involved, as I have already indicated. Certainly where such a sale should occur in the exercise of sound business judgment, it seems only fair that the investor should not be forced to hold the security for an undue length of time in order to qualify any gain as a long-term capital gain.

Reduction of Holding Period

As I understand it, the six-month holding period is arbitrary at best and represents a rough attempt to differentiate between genuine investors and so-called speculators. In my judgment, the period is too long for this purpose because the in-and-out trader, or so-called speculator, operates within a matter of days—or at most weeks—so the six-month period is wholly unrealistic if it is aimed primarily at him. I strongly recommend, therefore, that as an initial step the present holding period be cut in half.

Increased Revenue

Here again, I think that such a change in our tax laws would tend to bring about the same sort of beneficial economic results that I mentioned in my discussion of the rate, and at the same time, based on my experience with our customers, I feel certain it would result in additional revenue to the government.

Capital Losses

It seems to me the problem here involved are ones of equity, incentive and revenue. Ideally, of course, losses should be deductible to the same extent that gains are taxable, but revenue requirements at the moment may not permit of such a solution. Here again, however, Congress has an opportunity to increase the incentive to investment in equities, or to risk-taking, to the extent it feels it can go in liberalizing the present capital loss provisions of the law. As a start I would recommend a liberalizing change which would permit offsetting the excess of capital losses over capital gains against ordinary income up to $5,000 annually, with a carry-over for a period of five years against ordinary income.

Summary

By way of summary I earnestly believe that I reflect not only the collective views of my own company, but of the entire membership of our Association when I urge you next year to cut the present effective capital gains tax rate and the holding period in half and to liberalize the loss provisions as I have just indicated. I firmly believe that such action by the Congress would:

(1) Provide a substantial incentive to greater and wider investment in equities and thus make a susbtantial contribution to the solution of the equity capital problem;

(2) At the same time it would tend to free a vast number of "locked in" or "frozen" accounts which in turn would make for more orderly, broader and more liquid markets. This result, in turn, would tend to level out the sharp peaks and valleys in our markets, make new equity financing more practicable, **and result in substantial gain in revenue to the Federal Government,** not only from the capital gains tax itself, but from transfer and other taxes resulting from an increased volume of business generallly; and

(3) It would also afford more equitable tax treatment to the genuine investor than is presently the case and in general be a stimulating and at the same time stabilizing influence toward our general economic well-being.

Continued from page 3

More Communications on Robertson's "UN" Article

working, in my judgment, to a surprising effectiveness.

Mr. Robertson's arguments are the typical arguments of a corporation lawyer who wants to win his point. It would be a simple matter to take each of the 64 nations of the world, as he has taken his three groups, and selecting one nation at a time, to pick out a number of unsavory associations and acts within that nation. It would be relatively simple to build up a picture of the United States, mentioning only such people as Huey Long, "Dutch" Schultz, Senator MacCarthy, Bob Taft and a few others of that sort, in such a way as to bring complete disrepute on the entire country. We, too, have had our political differences and even such things as civil strife. There have been many economic strifes and the winners of those battles, either the dominant figures within the capitalistic system, or the dishonest power-seeking labor leaders, have never been beautiful sights. No man can say, who knows the history of the country, that we have not made regular and very considerable progress during the lifetime of our republic. We are fortunate that we came from an enlightened background and that we have had a long history in which to reach for some sort of perfection.

I should like to have Mr. Robertson analyze the six non-permanent members of the Securities Council on the basis of their performance in that office. It should be remembered that with the 11 members as constituted, at no time have the bad boys within the six non-permanent seats been able to do anything to destroy the world. As a matter of fact the voting record and performance record, regardless of their background or political differences within their nations, seems to me to have been rather a commendable performance. Perhaps he should criticize the General Assembly for having elected the representatives that were elected, but I would like to believe that putting some of his military despotisms on the spot by giving them some world responsibility might in the last analysis get good performance not only in the world, but at home. The reason for the Latin American military despotism is, of course, that its top class and lower class populations, with no middle group for stabilizing the situation, need to have much more experience in democratic government than they have had, but to deny them participation in world affairs may not be the answer.

Typical of Mr. Robertson's legal mind and its determination to reach the answers he wants at all costs, is his argument relating to the third group—which he calls the remaining countries. Within that group would be included some of the most educated and advanced peoples in the world today, but the only one of the seven in the group that he chooses to mention is Greece, and he condemns the entire third group because Greece in the past has had much difficulty. In view of all the circumstances, I think Greece even should be given credit for making a tremendous effort to come back from what was probably the most destructive occupation for which Germany can be blamed.

The above happens to be my own personal, honest opinion and I have the further opinion that no well-educated and intelligent man should indulge in discussions of subjects of this kind unless he is willing to be completely honest and present both sides of the case. Naturally there are many weaknesses in a new political organization, but we must deal with the material that we have and this old world unfortunately has not done too well in its political history up to this point, much of which has been due to insincerity and the wish to win a point at all costs—particularly if that is a profitable objective.

It seems to me to be the solemn duty of every intelligent and responsible citizen of this—the greatest democracy in the world—to try to extend the benefits of our sort of living to the rest of the world. By no other means will we make them happy enough with their conditions, to do away with their bad habits.

JAMES G. GEE
President, East Texas State Teachers College, Commerce, Texas

I find myself in general agreement with the discussions presented by Mr. Robertson. However, my grave concern with the activities of the UN—particularly its charter—is its overriding influence upon our national Constitution, particularly the second paragraph of Article VI. Please do not consider that my placing higher priority on the aforesaid overriding influences in any way depreciates the presentations made by Mr. Robertson. In fact, it is my consideration that in the light of Mr. Robertson's presentation it makes it all the more important that our Constitution should be so amended, and promptly, in order to make it impossible for the operations of the United Nations to in any way impinge upon or abridge the sacred rights guaranteed to us as a nation and as individual citizens under our Federal Constitution.

James G. Gee

REX I. BROWN
President, Mississippi Power & Light Company, Jackson, Mississippi

I conclude from Mr. Robertson's critical analysis that he is of the opinion that the United Nations, because of the political history of member nations in the Security Council, has little chance of success. However, I wonder if a course of isolation would be a satisfactory substitute for the present attempt at world government.

Rex I. Brown

DAVID A. LOCKMILLER
President, University of Chattanooga, Chattanooga, Tennessee

The material presented in the article by William A. Robertson on the United Nations, certainly causes one to think. Let us hope that the UN will be more discriminating in selecting future leadership.

Personally, I would like to start with a clean slate, but if we could do so, there would probably be no need for a United Nations. We must work with individuals and nations as we find them and consistently pursue the ideal of peace. Constructive criticism is always helpful, and I feel that Mr. Robertson has performed a valuable service. The question he and all must answer is: What is the best program now in view of existing circumstances and the needs of the future?

REV. CHAS. S. CASASSA, S. J.
President, Loyola University of Los Angeles, Los Angeles, Calif.

Rev. C. S. Casassa

While I have some misgivings about UN, still I wonder whether Mr. Robertson's point amounts to very much. As long as the major nations retain the veto, what real power have the non-permanent members of the Security Council?

HON. JOHN SPARKMAN
U. S. Senator from Alabama

Sen. John Sparkman

Mr. Robertson has set forth some of the conditions that have contributed to the great problem of working out satisfactorily an adequate international organization.

EARLE G. HINES
Chairman of the Board, General Precision Equipment Corp., New York City

In measured and carefully chosen words Mr. Robertson makes an airtight case for the United States of America to get out of the snare and trap called The United Nations. The old saying, "lie down with dogs and get up with fleas" applies. We are now so full of fleas we have not hands enough to scratch the places we have been bitten.

Earle G. Hines

The principal characters in this drama are the same as those in the Merchant of Venice. Oh for "a Daniel come to judgment."

JOSEPH BOWES
President, Oklahoma Natural Gas Company, Tulsa, Oklahoma

I have just had a chance to read the article by Mr. William A. Robertson. I was amazed to learn of the countries that control the Security Council of the United Nations. I am just wondering how many of our Congressmen and Senators realize what they are voting for when they continue to support this organization.

REGINALD EVERETT, M. D.
New York City

Mr. Robertson has done a comprehensive survey of a most discouraging scene, and he merits our commendation for this effort to increase awareness of the situation as it truly is.

HON. JOHN J. ALLEN, JR.
U. S. Congressman from California

I am inclined to believe that the majority of citizens hold a more optimistic view toward the workability of the United Nations, if my mail is any indication, and I am inclined to agree with this optimism.

JOHN J. THEOBALD
President, Queens College, Flushing, N. Y.

The article by William A. Robertson regarding the UN is the kind of information that people all too often forget about as they become enthused over causes.

New York Stock Exchange Weekly Firm Change

The New York Stock Exchange has announced the following firm changes:

Transfer of the Exchange membership of Samuel Gronick to George Garfield will be considered by the Exchange on Aug. 13.

Murray Samuell retired from partnership in Beer & Co. on July 31.

Cypress Associates Formed

BROOKLINE, Mass. — Harry Katzman has opened offices at 4 Cypress Street to engage in the securities business under the name of Cypress Associates.

William K. Shepard With Laird, Bissell & Meeds

(Special to THE FINANCIAL CHRONICLE)

NEW HAVEN, Conn.—William Kent Shepard has become associated with Laird, Bissell & Meeds, 44 Whitney Avenue. Mr. Shepard was formerly active as an individual dealer in New Haven.

Continued from first page

Savings and Interest Rates

pay both the principal and the interest. The same is true of the man with a mortgage on his house or farm, or any other borrowers of money. But the saver in many cases has not so direct a contact, and oftentimes does not realize how directly he is affected.

Of course, a man who owns a mortgage and receives interest and payments on it — and there are millions of them—or a landlord who receives rent, or a depositor in a savings bank or a shareholder in a building and loan association, or any one of a number of others who have direct obligations owed to them realizes just as effectively as do the debtors what a higher interest rate can mean to him. But there are millions of other Americans—all those millions who carry any kind of insurance and millions who are looking forward to pensions or retirement payments or other forms of future receipts, patients in hospitals, beneficiaries of charitable organizations and all endowed institutions—who do not realize how directly a higher interest rate benefits them. But it does so just the same.

Millions and millions of our people receive interest in one form or another. More than 45 million families and 122 million individuals have investments such as life insurance, savings accounts, E bonds, annuities and pensions, publicly-owned stocks, Government bonds, privately held stocks, real estate mortgages, and corporate bonds.

Effect of Higher Interest Rate

When a higher interest rate is paid it does not go just to a few bankers, as some of our Senators and others who have commented on this subject would lead you to believe, but it goes to benefit directly and to encourage the savings of millions and millions of others.

Why do people save? What stimulates them to do so, and what deters them from it? There are many stimulants to saving stemming from the sterling qualities of selfreliance and protection of one's own future and that of one's family, which is such a strong American characteristic. These include the desire to own your own home or farm, hoping some day to be your own boss, to go into business for yourself, to have a little nest egg laid away for a rainy day, saving for an education, and many, many other reasons—too many to enumerate. They are all effective but they all are diminished if money when saved earns little, if anything; and conversely, they are intensified if a fair rate of interest is returned. In fact, perhaps the most direct stimulant to saving is the return from earnings on the money, whether it comes directly or through extra benefits on insurance, pensions or in other forms.

But of even greater significance is the soundness and honesty of the money that is saved. Unless the people can believe in the continued honesty of their dollar, if they fear that over a few years it will greatly depreciate or even disappear in value, no other incentive to saving is of much avail. Fair interest and honest money, the value of which can be depended upon over the years, combine to form the greatest incentives and the essential requirements which induce people to save.

Who Benefits From Saving?

Now, who also benefits from savings indirectly?

Of course, as we have said, the millions who have insurance and pensions and savings deposits and property in any form are benefited directly through ownership of their savings. Also those who benefit from all endowed charitable, educational and other such institutions, and many others in many other ways. But what of the country as a whole? What of those who have not saved but live and work in America?

Savings have made America. Because somebody saved, we have jobs, we have all kinds of things for better living. We have food, transportation and everything that each of us has each day, not only for daily necessities and comforts, but for livelihood itself.

Did you ever stop to think why Americans have a higher standard of living than others in the world? Why American productivity is greater than the productivity of any other nation? Why we are so powerful and strong? Just by themselves an American's two hands are no stronger, no better, not much more effective than those of the citizen of any other nation. Why is it then that American hands can do so much more than any other hands in all this world? Perhaps an American's hands can do more partly because of more widespread education in this country.

But there is a much more basic reason without which the highest educational level would be unproductive. The real reason is the fact that somebody saved.

Because somebody saved there were funds available which attracted expert management to invent, design and build efficient machinery, factories, mills, explore for and develop mines and oil wells, provide transportation, and power plants, which through management and organization put tools, equipment and tremendous power into every pair of hands in this country backed up by thousands of dollars of investment, to multiply by tens, twenties and hundreds the strength, the ability and the effectiveness of those American hands as compared with any other hands elsewhere.

That is why, and the real reason why, Americans can create so much more than others in this world.

Because we can create more we have more, and that is why we have the highest standard of living on earth and stand in the earth's most powerful position. Because somebody saved, Americans have jobs today. Because somebody saved, Americans have and are what they are today.

A skilled mechanic who, in his spare time, decides to build a new kitchen on his house with the help of a neighbor or a friend, takes great pride when this job is finished and thinks he did it himself—but, did he? How much help did he get because others had previously saved? He worked with common tools, but the head of his hammer, his nails, chisel, plane and saw required great steel mills before he could have them. The lumber that he used required logging operations and saw mills; his floor coverings and walls required building material operations; the paint came from chemicale plants; the ice box, stove, washing machine and fixtures meant copper mines, iron ore and coal mines, steel and brass plants and manufacturing operations, and many of the materials came long distances in ships, over railroads or in trucks, which in turn required more steel, more metals, and more plants; and so it goes.

That single kitchen which that man thought he built by himself required millions and millions of dollars of savings and the employment of thousands of people who, unseen by him, lent a helping hand that made his kitchen possible. All those jobs which built that kitchen were created by and dependent upon the fact that somebody saved.

There is no one in America who is not better off than he otherwise would be because somebody saved, even though he may not yet have done so himself. That is why fair interest rates and sound, honest money are of benefit to every man, woman and child in this land. That is why any manipulation or restriction that unduly depresses a fair rate of interest, or that tends in any way to depreciate and lessen the value of the American dollar, is directly to the disadvantage and threatens the very existence of life as it is in America today.

Do not let anyone fool you into thinking that no one benefits from fair interest rates but some banker. Do not let anyone fool you into believing that running Government deficits, increasing inflation, and depreciating the value of our money is not directly harmful to every citizen.

When nobody saves, when nobody has any money to help to put tools and power into American hands, they will again be on the road to becoming no better than the hands of the savage.

Not only the prosperity in this country, not only the creation of more jobs in this country, but the military security of this country as well as the economic security are all inextricably tied into stimulating and not deterring the simple fact that somebody saves.

Against this background, I should like to talk for a moment about some of our current policies.

I should like to emphasize again that this Administration does not have, and never has had, a "hard money" policy as our critics sometimes charge, meaning as they say hard-to-get money and hard times.

Instead of hard money the goal of this Administration is honest money.

By "honest money" we mean money that will buy as much next week, next month and next year as it will buy today.

If by better handling of the Government's financial matters, this Administration can provide more honest money it will be a great service for the laborer, the office worker, the pensioner — in fact for every citizen.

Americans by tradition expect honesty in all things. This Administration is determined to put an end to further decline in the value of our money and provide again an honest dollar.

The Federal Reserve System has the main responsibility for monetary policy in this Government. This System is non-partisan, and since the accord with the Treasury in 1951, the Federal Reserve System has been helping to promote an honest dollar by not artificially enlarging the supply of money for the purpose of keeping the interest rates on Government issues low. The new Administration has confirmed this policy and assured the Federal Reserve System that it will have the prime responsibility for maintaining the money and credit situation free of artificial restraints in the best interests of all Americans.

No Hard Money Policy

The Federal Reserve has no hard money policy. It has simply allowed the demand for money to have its normal and natural effect and respond to the law of supply and demand. It has supplied additional funds to keep pace with normal growth.

The Treasury's main role in this business of keeping honest money lies in its handling of the public debt. That debt is now over $272 billion, and the manner in which refinancing and the placement of new issues is handled can affect the entire nation's well-being. The Treasury is trying to make the debt sounder by gradually extending the length of its maturities. Now nearly three-quarters of the debt matures within less than five years.

In April we took a first step in trying to convert some of this into sounder and less inflationary issues by putting out a 30-year bond at an interest rate of 3¼%. That rate was higher than the coupon rate for previous issues but it reflected the going rate at the time of issue as fixed by the current daily market purchases and sales at the time the bonds were sold. Gradually and at opportune times further long-term issues will be sold, but care will always be exercised not to press the market unduly in competition with other state, municipal and private financing.

In the past supposed savings made by artificially holding down the interest rate involved a tremendous increase in the cost of everything through the shrinkage in the value of the dollar.

What an Honest Dollar Means to the States

An honest dollar means a lot to you Governors, too. Just compare in your minds what it cost a few years ago to build a two-lane concrete highway; or a schoolhouse or improvements of any kind with the costs of today. And a similar story goes down the line of all state, county and municipal expenses. The lack of good, honest money or the presence of inflation has caused large increases in the amounts of money you have to raise to do the things that you have to do.

On the national scale, it cost the states about 50% more to operate in 1953 than it cost in 1946.

Higher interest rates on borrowed money are quickly noticed and resisted. But the stealthy capture by inflation of so much of the buying power of your dollar over the past few years is something which is much more important.

State and local governments are not just borrowers; they are investors, too. We are glad to find that your pension and retirement funds are so interested in the purchase of Government securities. Your financial people have found that there is no better place to put short-term funds than in our Treasury bills, certificates and notes. We had an interesting and successful meeting with a number of state fiscal officers at the Treasury in May of this year. State and local governments own more than $11 billion of United States Government securities at the present time. That is almost twice as much as they held at the end of the war, and 20 times as much as they held before the war began. We are working with your financial officers to better meet their requirements and encourage their purchases of our securities.

Federal and State Relationships

Another matter that is of great importance to you as Governors and to us in the new Administration is the establishment of better relationships between the Federal, state and local governments.

On July 10, President Eisenhower signed the bill which creates a Commission on Intergovernmental Relations to make a thorough study of the relationships between the Federal Government and the states and their political subdivisions.

We realize that during the past 20 years particularly the Federal Government has come into many fields, which under the Constitution are the primary responsibility of states and local governments. This has resulted in duplication and waste and blurred the responsibility of local governments. A major area of this sort of development has been the growth of Federal grants-in-aid for more than 30 programs at present involving Federal expenditure of more than $2 billion a year. In some cases the Federal Government has apportioned fixed amounts among the states; in others it meets state expenditures; and in a few it finances the entire state expenditure. While these grants have greatly stimulated some state activities, they have complicated state finances and often made it difficult for the states to provide funds for other important services.

It is the hope of this Administration that the new Commission on Intergovernmental Relations will come up with recommendations for straightening out the lines of authority, and the proper areas of action for both state and Federal Government, so that friction, duplication and waste can be eliminated. It is our hope, and I am sure it is your hope, that we can obtain a sounder relationship between all divisions of government in the nation.

It is sometimes said that the Federal Government has come into some traditionally state activities because of the failure of other levels of government to provide services which citizens demanded. It is the philosophy of this Administration that at all levels of government we must try to develop more the traits of individual responsibility, saving, enterprise and initiative—the traits which have made this nation great.

We have a solemn trust to see to it that these traits in individuals, which have made America, are fostered and allowed to develop and grow. In that way America will be stronger against all possible foes. It will provide more and better things for more people than we have ever dreamed of before.

The thrift and savings of our forefathers laid the foundations upon which all that we now have has been built. We have incurred tremendous debts but they are not overpowering if intelligently and carefully managed. Let us continue to build a stronger, better America based on those simple time proven virtues which have stood us in such good stead in our hour of need. Let us always remember how much all that we have in our life every day was created by the self-reliance, industry and initiative of millions of Americans—and because somebody saved.

Frank R. Hope

Frank Radford Hope, a partner in Paine, Webber, Jackson & Curtis, with which he had been associated for 54 years, passed away at the age of 73 after a long illness.

With First Florida Inv.

(Special to THE FINANCIAL CHRONICLE)

ORLANDO, Fla. — Thomas J. Baynham is now with First Florida Investors, Inc., 19 South Court Street.

Spaulding With Sattley

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Richard C. Spaulding has become affiliated with H. V. Sattley & Co., Inc., Hammond Building. Mr. Spaulding was formerly with McDonald-Moore & Co.

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)	Aug. 9	§97.1	*92.6	92.8	89.8
Equivalent to—					
Steel ingots and castings (net tons)	Aug. 9	§2,189,000	*2,087,000	2,092,000	1,866,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	July 25	6,568,700	6,550,600	6,484,250	6,070,850
Crude runs to stills—daily average (bbls.)	July 25	¶7,125,000	7,088,000	7,047,000	7,108,000
Gasoline output (bbls.)	July 25	24,954,000	24,488,000	24,571,000	23,413,000
Kerosene output (bbls.)	July 25	2,212,000	2,257,000	2,470,000	2,575,000
Distillate fuel oil output (bbls.)	July 25	10,023,000	10,739,000	10,326,000	10,237,000
Residual fuel oil output (bbls.)	July 25	8,778,000	8,778,000	8,834,000	8,776,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	July 25	143,446,000	143,820,000	146,965,000	118,285,000
Kerosene (bbls.) at	July 25	30,312,000	29,644,000	26,956,000	26,029,000
Distillate fuel oil (bbls.) at	July 25	98,114,000	94,912,000	83,131,000	81,792,000
Residual fuel oil (bbls.) at	July 25	48,886,000	47,779,000	43,599,000	51,152,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	July 25	780,705	791,414	818,450	607,190
Revenue freight received from connections (no. of cars)	July 25	633,114	621,519	671,203	541,816
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	July 30	$297,471,000	$253,497,000	$256,188,000	$1,131,612,000
Private construction	July 30	179,162,000	140,584,000	135,627,000	100,732,000
Public construction	July 30	118,309,000	112,913,000	120,561,000	1,030,880,000
State and municipal	July 30	95,214,000	80,540,000	89,941,000	73,858,000
Federal	July 30	23,095,000	32,373,000	30,620,000	957,022,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	July 25	9,160,000	*9,150,000	10,010,000	6,692,000
Pennsylvania anthracite (tons)	July 25	603,000	669,000	804,000	661,000
Beehive coke (tons)	July 25	98,200	*94,300	123,100	19,100
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	July 25	83	84	94	79
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Aug. 1	†8,511,622	8,460,427	7,914,875	7,404,913
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	July 30	182	134	169	152
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	July 28	4.634c	4.634c	4.634c	4.376c
Pig iron (per gross ton)	July 28	$56.76	$56.76	$56.01	$55.26
Scrap steel (per gross ton)	July 28	$44.92	$44.83	$43.50	$41.75
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	July 29	29.700c	29.675c	29.700c	24.200c
Export refinery at	July 29	29.450c	29.075c	29.600c	35.125c
Straits tin (New York) at	July 29	79.500c	78.750c	90.500c	121.500c
Lead (New York) at	July 29	14.000c	13.750c	13.500c	16.000c
Lead (St. Louis) at	July 29	13.800c	13.550c	13.300c	15.800c
Zinc (East St. Louis) at	July 29	11.000c	11.000c	11.000c	15.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Aug. 4	93.30	93.34	93.36	97.39
Average corporate	Aug. 4	104.14	103.80	102.80	109.79
Aaa	Aug. 4	108.88	108.70	106.74	114.08
Aa	Aug. 4	106.21	106.04	105.00	112.19
A	Aug. 4	102.96	102.63	101.64	109.42
Baa	Aug. 4	98.73	98.41	97.94	103.80
Railroad Group	Aug. 4	102.30	102.13	100.49	106.92
Public Utilities Group	Aug. 4	103.64	103.47	102.63	109.42
Industrials Group	Aug. 4	106.21	105.86	105.34	113.12
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Aug. 4	3.00	2.99	2.99	2.68
Average corporate	Aug. 4	3.50	3.52	3.58	3.18
Aaa	Aug. 4	3.23	3.24	3.35	2.95
Aa	Aug. 4	3.38	3.39	3.45	3.05
A	Aug. 4	3.57	3.59	3.65	3.20
Baa	Aug. 4	3.83	3.85	3.88	3.52
Railroad Group	Aug. 4	3.61	3.62	3.72	3.34
Public Utilities Group	Aug. 4	3.53	3.54	3.59	3.20
Industrials Group	Aug. 4	3.38	3.40	3.43	3.00
MOODY'S COMMODITY INDEX	Aug. 4	418.4	425.1	421.5	445.9
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	July 25	185,852	195,839	206,661	180,999
Production (tons)	July 25	237,654	214,656	254,212	199,444
Percentage of activity	July 25	93	81	97	82
Unfilled orders (tons) at end of period	July 25	522,123	581,573	457,599	396,615
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	July 31	106.23	*106.21	106.35	110.01
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	July 18	21,116	21,541	23,112	24,800
Number of shares	July 18	578,884	597,225	621,383	705,032
Dollar value	July 18	$26,585,273	$27,231,578	$27,152,238	$33,079,339
Odd-lot purchases by dealers (customers' sales)—	July 18	17,888	17,594	19,740	21,304
Number of orders—Customers' total sales					
Customers' short sales	July 18	173	102	195	73
Customers' other sales	July 18	17,715	17,492	19,545	21,231
Number of shares—Total sales	July 18	488,900	467,813	536,561	592,385
Customers' short sales	July 18	6,079	3,398	7,446	2,644
Customers' other sales	July 18	482,821	464,415	529,115	589,741
Dollar value	July 18	$19,742,000	$18,344,134	$21,096,412	$25,423,602
Round-lot sales by dealers—					
Number of shares—Total sales	July 18	144,360	126,710	154,800	171,140
Short sales	July 18	------	------	------	------
Other sales	July 18	144,360	126,710	154,800	171,140
Round-lot purchases by dealers—					
Number of shares	July 18	248,550	247,510	256,020	274,960
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	July 11	204,920	210,580	320,000	201,060
Other sales	July 11	4,510,360	4,311,210	7,378,350	5,333,890
Total sales	July 11	4,715,280	4,521,790	7,698,350	5,534,950
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	July 11	441,690	490,280	784,220	550,760
Short sales	July 11	83,170	88,800	129,840	117,480
Other sales	July 11	387,240	410,630	679,820	484,680
Total sales	July 11	470,410	499,430	809,660	602,160
Other transactions initiated on the floor—					
Total purchases	July 11	82,610	101,190	188,250	108,830
Short sales	July 11	13,400	9,600	27,600	10,200
Other sales	July 11	95,440	81,030	209,230	179,950
Total sales	July 11	108,840	90,630	236,830	190,150
Other transactions initiated off the floor—					
Total purchases	July 11	208,630	196,615	308,265	185,110
Short sales	July 11	38,200	62,500	65,990	38,600
Other sales	July 11	240,450	296,824	294,170	235,773
Total sales	July 11	278,650	359,324	360,160	274,373
Total round-lot transactions for account of members—					
Total purchases	July 11	732,930	788,085	1,280,735	844,700
Short sales	July 11	134,770	160,900	223,430	166,280
Other sales	July 11	723,130	788,484	1,183,220	900,403
Total sales	July 11	857,900	949,384	1,406,650	1,066,683
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	July 28	110.5	111.0	109.4	111.7
Farm products	July 28	97.4	98.9	93.4	109.7
Processed foods	July 28	104.9	102.3	102.9	109.7
Meats	July 28	96.9	101.8	90.1	115.3
All commodities other than farm and foods	July 28	114.5	114.5	114.1	112.5

*Revised figure. ¶Includes 616,000 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. †New all-time high.

	Latest Month	Previous Month	Year Ago
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of June:			
New England	$21,780,933	$27,639,922	$17,740,101
Middle Atlantic	89,526,564	89,431,840	91,310,700
South Atlantic	56,736,681	44,647,802	29,793,082
East Central	105,949,777	109,836,545	79,773,669
South Central	74,491,792	63,749,528	59,971,855
West Central	22,844,154	31,965,439	24,637,579
Mountain	11,943,583	11,852,463	11,421,027
Pacific	71,964,713	84,994,562	71,620,429
Total United States	$455,238,197	$464,118,101	$386,268,442
New York City	43,264,650	52,196,126	36,406,878
Outside New York City	411,973,547	411,921,975	349,861,564
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of June:			
Manufacturing number	145	143	128
Wholesale number	80	74	73
Retail number	419	344	340
Construction number	99	70	78
Commercial service number	74	66	52
Total number	817	697	671
Manufacturing liabilities	$11,179,000	$13,981,000	$6,971,000
Wholesale liabilities	3,777,000	5,852,000	2,266,000
Retail liabilities	12,464,000	6,909,000	7,024,000
Construction liabilities	3,200,000	2,511,000	2,990,000
Commercial service liabilities	1,759,000	3,536,000	1,971,000
Total liabilities	$32,379,000	$32,789,000	$21,222,000
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of May (millions of dollars):			
Manufacturing	$45,048	*$44,574	$43,144
Wholesale	10,343	*10,244	9,861
Retail	21,739	*21,656	20,069
Total	$77,130	*$76,474	$73,074
COAL EXPORTS (BUREAU OF MINES)—Month of May:			
U. S. exports of Pennsylvania anthracite (net tons)	271,256	91,389	339,649
To North and Central America (net tons)	258,667	91,324	315,570
To South America (net tons)	------	65	------
To Europe (net tons)	10,797	------	24,079
To Asia (net tons)	1,792	------	------
To Africa (net tons)	------	------	------
COKE (BUREAU OF MINES)—Month of June:			
Production (net tons)	6,612,338	*6,820,985	2,481,700
Oven coke (net tons)	6,128,339	*6,282,235	2,368,600
Beehive coke (net tons)	483,999	*538,750	113,100
Oven coke stocks at end of month (net tons)	2,128,556	*2,134,741	2,556,677
EDISON ELECTRIC INSTITUTE:			
Kilowatt-hour sales to ultimate consumers—Month of April (000's omitted)	31,345,744	31,664,116	27,754,244
Revenue from ultimate customers—month of April	$554,636,500	$560,605,500	$493,830,500
Number of ultimate customers at April	48,711,061	48,622,919	47,268,064
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of June:			
Contracts closed (tonnage)—estimated	232,441	*310,517	167,492
Shipments (tonnage)—estimated	274,587	*263,806	125,486
GAS APPLIANCE MANUFACTURERS ASSOCIATION — Month of June:			
Automatic gas water heater shipments (units)	178,300	200,100	159,000
Domestic gas range shipments (units)	169,300	191,700	175,700
Gas-fired furnaces (units)	46,200	42,600	36,600
Gas-operated boilers (units)	6,100	4,300	5,500
Gas-conversion burners (units)	20,700	17,900	16,400
HOUSEHOLD WASHERS AND IRONERS — STANDARD SIZE — (AMERICAN HOME LAUNDRY MANUFACTURERS' ASSOCIATION) — Month of June:			
Factory sales of washers (units)	304,086	286,515	274,457
Factory sales of ironers (units)	12,529	9,323	17,654
Factory sales of dryers (units)	32,789	32,867	31,720
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOBILE MANUFACTURERS' ASSN. — Month of June:			
Total number of vehicles	661,992	*643,487	518,710
Number of passenger cars	587,549	549,677	407,962
Number of motor trucks	74,063	*93,443	110,262
Number of motor coaches	380	367	484
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of May (in billions):			
Total personal income	$283.8	*$282.7	*$266.2
Wage and salary receipts, total	197.2	*196.6	*179.9
Total employer disbursement	193.4	*192.8	*176.4
Commodity producing industries	89.0	*88.8	*7.80
Distributing industries	51.4	*51.0	*48.0
Service industries	23.4	*23.4	*21.6
Government	33.4	*33.4	*32.3
Less employee contributions for social insurance	4.0	*4.0	*3.7
Other labor income	5.1	*5.1	*4.6
Proprietors and rental income	49.9	*49.4	*51.8
Personal interest income and dividends	22.1	*22.0	*28.9
Total transfer payments	13.5	*13.6	*12.7
Total nonagricultural income	266.2	*265.5	*245.6
PORTLAND CEMENT (BUREAU OF MINES) Month of June:			
Production (barrels)	22,698,000	23,399,000	20,748,000
Shipments from mills (barrels)	26,400,000	22,924,000	25,067,000
Stocks (at end of month)—barrels)	21,545,000	25,248,000	18,896,000
Capacity used	97%	97%	90%
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of April:			
Net railway operating income	$101,509,343	$93,569,679	$72,424,753
Other income	16,382,026	18,966,536	16,551,752
Total income	117,891,369	112,536,215	88,976,505
Miscellaneous deductions from income	4,060,908	4,109,992	4,111,256
Income available for fixed charges	113,830,461	108,426,223	84,865,249
Income after fixed charges	80,091,058	74,778,719	51,532,005
Other deductions	2,850,294	2,782,051	2,929,557
Net income	77,240,764	71,996,668	48,602,448
Depreciation (way & structure & equipment)	41,971,818	41,019,619	39,843,611
Federal income taxes	56,165,245	57,316,984	38,555,092
Dividend appropriations:			
On common stock	6,972,093	27,898,116	13,513,759
On preferred stock	2,119,976	4,508,164	2,822,660
Ratio of income to fixed charges	3.37	3.22	2.55

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Gold in a Free Economy

obligations outstanding in dollars as well as the quantity of gold available, the expected annual increment from the mines, and the magnitude of the world's present monetary requirements.

What this ratio should be is difficult to determine. No one contends that it would be possible to go back to a dollar convertible into gold at $20.6718 per ounce as it was when the gold standard prevailed. In January of 1934, the price of gold was fixed at $35 per ounce, but American citizens were denied the right to own gold or to convert their paper dollars into gold at this rate. It is of course true that the dollar abroad has been supported at this price through the Central Banks, and that all gold offered has been purchased by the Treasury at $35 per ounce; but these efforts to give the dollar some measure of backing by gold are only half-hearted. Our currency will not have the stability that gold alone can give it until the dollar and gold are again made freely interchangeable at a fixed ratio and our citizens allowed to have gold in their possession.

Under the present system, gold can exert little control over the expansion of the currencies or the debt. With continued deficit financing, the inconvertible dollar has steadily depreciated in domestic purchasing power. The individual cannot protect himself by exchanging his ailing paper dollars for gold, and thus forcing the money managers to give up unsound practices. Through its partial tie to gold in international trade, the current procedures actually amount to an attempt to make gold itself accompany the dollar in its depreciation. To a degree this has temporarily been accomplished, but in the long run, it simply cannot be maintained. The tenuous tie is bound to snap when the strain between the depreciating dollar and the restrictions imposed on gold become too great.

Restoration of Gold Standard Need Not Be Complicated

The restoration of the gold standard need not be a complicated matter, once certain vital decisions have been reached—and once there is a will to do it and an honest desire to give up the illusive and feverish pleasures of inflation. With proper procedures and wise decisions with regard to the ratio at which gold and the dollar are made interchangeable, the step would unquestionably promote monetary stability and do more to restore control and balance over budgets and expenditures, over taxation and the management of debt, and over international trade than any other single action that might be taken by the government. Indeed, in my judgment, it is an essential step if economic sanity is to be restored in the free world.

With regard to the proper ratio between gold and the dollar—or in the usual terms, the price of gold—opinions differ widely even among those who most emphatically favor restoration of the gold standard with full convertibility at a fixed price.

One group, whose position is strongly supported by the Economists' National Committee on Monetary Policy, headed by Professor Walter Spahr of New York University, and by the Gold Standard League of which Philip McKenna is the active leader, holds that the price of $35 per ounce should be retained. This, they point out, has been fixed in the United States since 1934 and has been given standing throughout the world by the purchase of gold for dollars by the Treasury and by the redemption of dollars through foreign Central Banks at this rate. Any change in price, they say, would amount to still further tampering with the value of the dollar and weakening of confidence in its integrity. They do not advocate going back to the old price of $20.6718, however, which would be consistent with their position; but they most emphatically oppose any increase over the current price for they believe such a step would promote still further inflation.

These inconsistent restorers, to use the term Professor Ludwig von Mises applies to them in the recent edition of his important book "Money and Credit," are really endeavoring to give the dollar its old prewar value. They recognize that restoration to its 1914 value is impossible; but they must still think that the immense burden of debts can be paid in dollars of the same purchasing power as those of 1940. They may be respected for their insistence on rigid honesty on the part of governments that incur heavy obligations, but not for their blindness to realities. They forget that wars and extravagant social policies—both domestic and foreign—have resulted in commitments impossible to meet in the money of the old value. The dishonesty in the transaction was on the part of those responsible for the commitments—or to a more fundamental degree, upon those responsible for the extreme expenditures.

Agreement upon the wisest way to resolve the painful heritage of inflation and excessive debt is comparable to working out the most equitable settlement for an organization that has overextended itself and is clearly unable to meet its obligations in full. A permanent write-down is unavoidable when such conditions must be met, in spite of the selective hardships that are inherent in this procedure. As a matter of fact, it is no longer an academic consideration. The write-down in the dollar has already occurred, as is clearly apparent to anyone who meets his current bills. The problem is to adjust the already depreciated dollar to the far more stable value of gold, and to use the power of gold to keep the purchasing power of the dollar at the current level by this new definition of the dollar in hard metallic money.

In fact, if gold had not preserved a fair measure of stability throughout this period — if it had declined in value with the depreciation of the dollar — one might well question its importance as a monetary base. Strangely enough, the procedure urged by these inconsistent restorers, who claim to have the highest respect for gold, is precisely that which would raise the most serious questions about the inherent value of gold itself.

Advocates of Higher Gold Price

The other group of those who favor restoration of the gold standard, among whom such distinguished economists as Philip Cortney, Ludwig von Mises, Henry Hazlitt and Charles Rist are to be listed, recognizes the relative stability of gold and insists that the dollar and other currencies must be adjusted to it. The depreciated paper must be measured against the golden standard. The attempt to make the standard conform to the declining value of the paper currencies makes no sense unless through some mischance the standard itself has deteriorated. Making gold and the dollar convertible at a price that was too low would in their judgment bring about a most serious and probably world-wide deflation with drastic downward adjustment of all prices and wages. Though a rigid creditor might see some virtue or even basic honesty in going back to the price of gold that prevailed in 1914, no reasonable person could favor the imposition of such conditions on the economy, with the grave risk of vast social disorder. The price of $35 per ounce might well result in as serious consequences. It is certainly not realistic politically to assume that such changes, particularly widespread reduction in wages, would be tolerated.

A gold miner is, of course, under suspicion of serving his selfish interests if he advocates an increase in the price of gold. As a matter of fact, however, the gold industry prospers in times of depression, so we would really be better off if the views of the inconsistent restorers should prevail and if a drastic deflation were brought about by fixing the price at $35 per ounce. But, of course, we would not be so blind as to advocate such a painful course even though it would promote our welfare.

The gold miners, as well as the rest of the country, would be best served by monetary policies that would promote economic stability. And this, in my judgment, would mean reestablishement of convertibility at a ratio — or a price of gold — that would be neither deflationary nor inflationary. It should reflect the current purchasing power of the dollar and should tend to hold prices where they are now. Further increases in prices should be checked as well as any drastic decline of great magnitude. The world's stock of monetary gold and the expected annual increment from the mines are obviously considerations of importance in efforts to arrive at the right price to accomplish this objective. The expanding commerce, industry and population of the world require a progressive enlargement of the monetary base, if prices are to remain reasonably stable. This, the gold mining industry can guarantee, without danger of serious decline from technical causes on one hand, or of swamping the world with a flood of new gold on the other. With the development of the new gold fields of the Orange Free State, as well as the westward expansion of the Witwatersrand, danger of serious decline in output is removed, but even the most optimistic miner cannot see any vast or overwhelming increase in output.

Philip Cortney's Views

In an address before the Congress of the International Chamber of Commerce in Vienna on May 20, 1953, Philip Cortney of New York so well stated the critical arguments bearing on the price of gold that I would like to summarize certain of the major points that he made.

Equilibrium in balance of payments before the First World War was not fortuitous but the result of the gold standard, which he regards as the only effective brake on those bankers as well as politicians who want easy money or who propose to continue to meet budgetary deficits by monetizing government debt.

In correcting the present monetary disorder, two objectives that must be met are (1) the reestablishment of an international currency that would command the confidence of the peoples of the free world, and (2) the avoidance of a strong deflationary trend of prices as a result of the checking of inflation. The first can be achieved only by restoration of the gold standard with all currencies made freely convertible into gold. With regard to the second point, the price of gold becomes of paramount importance.

The present level of world prices is not the result of a normal relationship with the production of gold but it is the outcome of arbitrary and abusive printing of paper money or equally damaging expansion of the currency through the manipulation of debt by governments. As a result of the official American price of gold being fixed at $35 per ounce and of the support of this price in international exchange, the depreciation of the dollar by 50% or more since 1939 has forced the purchasing power of gold itself to decline through the arbitrary restrictions imposed on its circulation and ownership. This is in spite of the fact that the annual production of gold in the same period has actually decreased which would normally tend to increase its purchasing power. A readjustment of the price of gold—or in better words, a readjustment of the dollar to the persistent value of gold — would permit gold to exercise the purchasing power that it would have had without the restrictions imposed on it which have made its value depreciate to some degree with the paper dollar, at least within those regions where abnormal postwar conditions give the dollar peculiar power. If gold is to continue to be used as an international monetary basis, restrictions on its ownership and movements should be corrected and the dollar and other currencies should be so defined in terms of gold that the purchasing power of the convertible currencies and gold should be close to what gold would have commanded, if the rise in prices had been due to an increase in production of gold and not to monetized debt. The alternative to such an adjustment would be to retain the present price of gold and force the level of prices, wages and income down to give gold a purchasing power comparable to what the old dollar had. Political and social considerations would make such a deflation of prices unthinkable.

Price of Gold An International Issue

The international gold standard can be restored with the expectation that it can be maintained only if a strong deflationary trend of prices is avoided. For this reason, the price of gold becomes a real issue.

The reason why the depression of 1929 was so deep and prolonged is to be attributed to the failure of the governments of the United States and Great Britain to recognize that the huge monetary inflation during World War I and the concomitant rise of prices made it impossible to maintain the prewar relationship between gold and paper currencies, which both countries attempted to do by maintaining or reestablishing the convertibility of their currencies into gold at the prewar ratio. Philip Cortney, Charles Rist and other economists hold the conviction that the 1929 depression would not have been either so intense or so prolonged if in 1925 the dollar and the pound had been devalued in terms of gold, and convertibility reestablished on the new basis, in order to sustain the level of prices reached as a result of the inflation of the monetary medium during the war.

In October of 1950, the "London Times" estimated that the free world should have a gold reserve of about $70 billion to support its monetary systems and international trade, whereas the existing monetary stocks in 1950 were only about $33 billion at the American official price for gold. Only a substantial rise in the price of gold could increase the gold reserves to make them adequate for the needs of international payment throughout the world, in which prices and wages had more than trebled in the domestic markets. On this basis a rise in the price of gold to $70 per ounce to double the currency values of the existing gold reserves would seem called for. The present lack of international liquidity can result only in a shrinkage of international trade and continued instability in the balances of payment.

If such an adjustment of the dollar to gold were made, the additional dollars resulting from the change would of course have to be allocated to amortization of the debt of the government toward the Federal Reserve Banks. With such action, the potential inflationary consequences of the rise in the price of gold, which are so feared by some bankers and economists, would be completely neutralized. The dollar, at its present level, would have an effective and complete gold backing and its resistance either to appreciation (and deflation) or to depreciation (and inflation) would be immensely increased.

"The great mistake after World War I," says Mr. Cortney, "was to try to maintain simultaneously the prewar 1914 price of gold in terms of dollars and sterling and the postwar seriously inflated price level." Now, with the cost of World War II and the extravagances of the New and Fair Deals as well as Korea and rearmament to take into account, the evil effects of attempting to follow the same course are likely to be even more disastrous. "What should have been done in 1925 was to recognize in the gold price the inflation that had taken place." The same procedure should be followed now. "What was wrong with the monetary situation at that time," as it is now, "was not the so-called gold shortage but the gold value of the seriously inflated amounts of dollars and pounds sterling." A change in the price of gold with maintenance of convertibility on the new basis was the specific remedy then as it is now, but the government authorities and their experts did not see the light any more than do some of our leading bankers and high officials today.

(Indeed, their blindness gives even more point to the comment made by Lord Brant of the Bank of England some years ago to the effect that he regarded bankers as very clever people for they appear to have invented a most complex system which they seem to be able to make work without really understanding it.)

Philip Cortney takes issue with the strange belief of some of our leading bankers that it is the dollar that gives value to gold. Such a concept could arise only in the minds of men who have so long dealt with symbols that they have lost all sense of the realities behind them. The United States Government has been able to maintain the official price of $35 per ounce for gold, arbitrarily selected in 1934, due to special circumstances arising from World War II. These circumstances enabled the United States to continue to acquire gold at $35 paper dollars per ounce from domestic

ITEMS—	1945	1946	1947	1948	1949	1950	1951
			In millions of U. S. dollars				
Net gold supply in the U. S.:							
Domestic production	32.0	51.2	75.8	70.9	67.3	80.1	69.9
Net imports	—106.3	311.5	1,866.3	1,680.4	686.5	—371.3	—549.0
Total	— 74.3	362.7	1,942.1	1,751.3	753.8	—291.2	—479.1
Monetary uses:							
Increase in U. S. official gold stock	—547.8	623.1	*2,162.1	1,530.4	164.6	—1,743.3	52.7
Increase in earmarked gold held in U. S. A.	356.7	—465.4	—210.0	159.2	495.7	1,352.4	—617.6
Total	—191.1	157.7	1,952.1	1,689.6	660.3	—390.9	—564.9
"Disappeared gold" in the U. S. A.	116.8	205.0	—10.0	61.7	93.5	99.7	85.8

*After payment of $687.5 million representing the U. S. subscription in gold to the International Monetary Fund.

producers by edict and from foreign producers by the force of economic conditions that put a premium on dollars. At the same time, the Government was able to raise the price level by money and credit inflation while denying private individuals the right to protect themselves by buying and owning gold.

Cortney concludes his excellent paper with the following paragraph:

"It remains to be seen whether the price of gold will be changed while we are still masters of the situation, or by a chaotic route. The time to change the price of gold is not after a depression has set in. Our aim must be to restore monetary order and to prevent a severe and prolonged depression. If, without further waste of time, we plan carefully the restoration of the international gold standard, a price of $70 an ounce would probably accomplish what we seek. If, on the other hand, we wait until we cease to be masters of the situation, the price of gold will be changed by a chaotic route, and it may reach indeed an abnormally high level."

The gold mining industry can whole heartedly support the objectives so well stated by Mr. Cortney, not for the immediate benefits that might be derived, but for the general good that such policies would bring to the entire economy. With the present divided counsels in high places, however, we must realize that prompt attainment of these ends, desirable and urgent as they may be, is not likely. It can only be hoped that the conditions which will eventually force these changes in monetary policies with regard to gold will not be too drastic.

A Small Step in Right Direction

As a small step in the right direction that might be taken without arousing too much controversy among the experts, the Administration should be urged (1) to remove the present restrictions on ownership of gold by American citizens, and (2) to terminate the sale of gold by the Treasury to the so-called industrial users. The first would restore a right to the people that never should have been taken from them. It would give individuals—and companies too—the right to protect themselves legally against further depreciation of the dollar. It would put a weapon into the hands of free men that would enable them to offer some resistance to the power of the money managers, now almost beyond challenge.

The second point would correct a most unfair procedure whereby the gold producers are now forced virtually to subsidize the industrial users of gold. According to the 1952 report of the Bank for International Settlements, the sales of gold in the United States over the preceding seven years to this special group of consumers far exceeded the total output of the domestic mines. The figures published by this reputable authority are as follows:

"Disappeared gold" is defined as gold absorbed by industrial, artistic and professional uses. "It may be seen from the table that for the whole of the period 1946-51, the amount of gold which disappeared ($2,690 million) was larger than the amount that went to increase official reserves ($2,180 million)."[1]

Furthermore, the "disappeared gold" in this period amounted to $205,000,000 more than the domestic production.

This actually means that the miners, who are forced to deliver their gold immediately to the Mint and accept 35 paper dollars per ounce for it, are really providing the "industrial users" with their metal at a bargain price enforced by the Government. If the Treasury sales for this purpose were terminated and restrictions on ownership and trade in gold removed, the "industrial users" and others could buy gold in the free market at whatever price the balance of supply and demand would determine. All current procedures with regard to monetary gold that still appear to be so highly regarded in official circles could be continued; such as purchase at $35 per ounce of all gold that is offered and the support of the official gold price by exchange of gold for dollars offered by foreign central banks. The fiction of maintaining a market price for gold by selling it to industry would be ended, an inconsistent restriction on the rights of citizens would be removed, and an indefensible trade practice that is most unfair to a specific group, viz, the gold miners, would be discontinued.

The gold mining industry, in urging that this action be taken, is not seeking special privileges. It is merely asking for correction of a bad practice in which an unjust discrimination is made against it.

Beyond this, however, we stand firmly in giving as effective support as we can to those able and competent students of monetary theory who advocate restoration of the gold standard with full convertibility of currencies at a ratio to gold that will tend to preserve stability of prices and wages. If this can be achieved, the benefits to the gold mining industry will be merely its share of those that will come in full measure to the entire nation — and indeed to the entire free world.

1 Bank for International Settlements, 22nd Annual Report, 1st April 1951—31st March 1952, Basle 1952, p. 160.

Sun Valley Mining Common Stock Offered

Miller Securities Corp., New York City, is offering publicly an issue of 299,000 shares of common stock (par 10 cents) of Sun Valley Mining Corp. (a Delaware corporation) at $1 per share.

It is proposed to use a portion of the proceeds of the financing to purchase a 150 ton mill built on the company's property in 1949.

Corporation, incorporated in Delaware, holds approximately 60 claims in the Mineral Hill District, Blaine County, Idaho, comprising in all 17 mines. The company proposes to explore immediately the Red Elephant Mine for lead, zinc, gold and silver. Initial production in this mine was commenced before 1900, and has been worked periodically since that time.

King Merritt Adds

(Special to THE FINANCIAL CHRONICLE)

RED SPRINGS, N. C.—George T. Ashford, Jr. has become affiliated with King Merritt & Co., Inc.

With Perry T. Blaine

(Special to THE FINANCIAL CHRONICLE)

ASHTABULA, Ohio — Ezra H. Garlick has joined the staff of Perry T. Blaine & Co., 4519 Main Avenue.

With The Ohio Co.

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Philip J. Dambach is now with The Ohio Company, 51 North High Street.

With Westheimer Co.

(Special to THE FINANCIAL CHRONICLE)

DAYTON, Ohio—Cyril E. Shadowen is now associated with Westheimer and Company, Third National Building.

Joins Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Quinby Taylor has become associated with Harris, Upham & Co., 136 Federal Street. He was formerly with Draper, Sears & Co.

Continued from page 16

Britain's Responsibility In the Free World

armoured force west of the Iron Curtain — operate under General Gruenther's N.A.T.O. command. British naval and military strength maintains a string of key posts round the perimeter of the free world: Gibraltar, Malta, Aden, Kilindini, Singapore, Hong Kong.

The defense of the Middle East —the direct line to the Orient, the great oil reservoir, the land-bridge which links three continents: that defense, which is an international necessity, rests on the huge base in the Suez Canal Zone, which Britain has patiently built up, which is operated by British troops and technicians, which is maintained out of British pockets. This base covers an area of 90 miles by 60. Within it are 10 fully equipped Royal Air Force stations. Its ordnance depot alone, at Tel el Kebir, which is probably the largest in the world, and which maintained 19 divisions in the field during the last war, contains 37 miles of roads and 20 miles of railroad, and its perimeter defenses are 17 miles long. A base like this must be efficiently maintained, in peace, if it is to fulfil its purpose in war. The Canal Zone Base, in fact, is the main buttress for the security of the Middle East: an area of vital concern to the whole of the free world.

In Malaya, where a bitter struggle against the Communist guerrilla has been going on for five years, over a hundred thousand men are engaged, 25,000 of them British regular troops. And if, owing to these many other commitments, the Commonwealth Division in the Korean fighting has always been numerically small, it has given a magnificent account of itself in many a bloody engagement. This manning of distant outposts, these wars and skirmishes in every quarter of the globe, are indeed a continuation of Britain's historic role as guardian of the peace. It has been taken for granted in almost every British home for two hundred years that some relative in the army or the navy was being shot at somewhere. And in this year 1953, two-thirds of the men in the British Army are separated from their families.

In the political sphere, Britain's responsibilities are no heavier, certainly, but they are both more various and more complicated than those of the United States. In addition to our obligations to U.N.O. and to N.A.T.O. which you share, my country has special duties and commitments towards Europe and the Middle East. There are the treaties of Dunkirk and of Brussels. There is our membership of the Council of Europe at Strasbourg. There are our weighty and specific pledges to the European Defense Community, our support of which was recently re-affirmed by the Commonwealth Prime Ministers meeting in London. There are formal treaties with Turkey, with Jordan, with Iraq, with the Persian Gulf states. And beyond these stretch the links which bind us to the countries of the Commonwealth and to the Queen's territories in all the five continents' "societies old and new," as Her Majesty said on Coronation Day, "lands and races different in history and origins, but all by God's will united in spirit and aim."

The final factor of moral responsibility is, perhaps, hardly distinguishable from the political. But it is important, I think, to be quite clear in this context what we mean by the word "responsibility" itself. It has nothing to do with "what I have" or "what I want." Indeed, the international burdens which Britain bears—as best she can—derive from past inheritance, not always willingly or even wittingly assumed, and from our obligations towards the future of that inheritance.

In South Asia, for example, Britain has a very special and very delicate realtionship with four sovereign and independent states which were once parts of the Empire: India, Pakistan, Ceylon and Burma. In this area both internal political patterns and external political alignments are still in the formative stages. To Britain the future stability of this vast and potentially powerful area is a matter of the most anxious concern. We look at China across the foreground of South and South-East Asia. You look at China directly across the Pacific. These different perspectives make for different approaches and methods when we have to tackle any Chinese problem together; and each of us would do well to remember the other's point of view when some disagreement about method occurs.

Universal Resnpnosibilty to Prepare Dependent Peoples For Self-Government

The preparation of dependent peoples for self-government is a responsibility not only to the peoples concerned but to mankind as a whole. And because it is a real responsibility, requiring patience, restraint and experience, it cannot be discharged by yielding to pressure from abroad, or to sentimentality at home, or to a desire for easy popularity. I am reminded of a remark made by Queen Victoria to her elderly Prime Minister, Lord Palmerston, "Popularity? Popularity? What does that signify?" All over the world the patient steps towards self-government continue: in many areas in Africa, in the West Indies, and, most interesting of all perhaps, in Malaya. For there the process of political evolution, in a federation of states where the Malays themselves barely outnumber the Chinese and the Indians, is being hammered out almost within sound of the gunfire in the jungle. Yet unless the battle for political integration can be won, military victory against the Communists would be fruitless.

Moreover, it is not always remembered that when Mr. Malenkov says that all issues between governments are capable of settlement by amicable means, this does not include what is known in Communist political philosophy as "the national liberation movement." "Colonial" wars are not inconsistent with "peace offensives." Revolution and unrest in under-developed countries may not always be actively promoted from the Kremlin—the dreadful Mau Mau terrorism, for instance, is a purely indigenous tribal movement. Yet they are constantly fostered and encouraged by the men who reckon on profiting from them. For dependent territories form one of the essential contradictions of the capitalist world which the enemies of the West hope will one day bring about its downfall. Thus this special form of sabotage adds to the natural difficulty of developing stable self-government in such territories. Concrete examples of the "national liberation movement" recently listed by Pravda included Malaya, the Rhodesias, Nyasaland, Kenya (with an honorable mention to Mau Mau), Natal, and the Gold Coast. Could there be better evidence that British responsibility for these areas is doubly onerous and doubly important?

The analogy between Malaya and Korea is an obvious one. And it brings me back to my opening contention: that British and American responsibilities to the free world are, and I believe must always be, in some respects co-extensive, in others complementary: co-extensive, for example, in our N.A.T.O. obligations, complementary also, for example, in that you have a treaty of alliance with the Philippines, we have a treaty of alliance with Iraq.

A Partnership for Freedom

And so all over the world there is a partnership between us for freedom and security and I like to think that we bring to this partnership some fruits of our long experience in statecraft: patience, flexibility and understanding. My countrymen have learned, usually the hard way, that quick results and clear-cut solutions are very rarely to be achieved in international politics; so perhaps we can supply the skeptical caution, the resolution and tenacity, the readiness to bide one's time, which are sometimes necessary buttresses to the edifice of faith. "It is our duty," Sir Winston Churchill said the other day, "without separating ourselves from our great ally, to express our opinion frankly and plainly to them as occasion offers." You may well think, as I do, that this is the most delicate — and not the least important—of Britain's responsibilities to the free world. It is moreover a responsibility which you share. For your country and mine depend on each other in a manner and to a degree unique in history.

As Sir Winston Churchill—and I again venture to quote one whose rapid return to health and vigor is, I am confident, the unanimous wish of all of us—told the House of Commons last month: "This would be the most fatal moment for the free nations to relax their comradeship and preparations. To fail to maintain our defense effort up to the lmit of our strength would be to paralyze every beneficial tendency towards peace both in Europe and in Asia. For us to become divided among ourselves because of divergencies of opinion or local interests, or to slacken our combined efforts, would be to end forever such new hope as may have broken upon mankind and lead instead to their general ruin and enslavement. Unity, vigilance and fidelity are the only foundations upon which hope can live."

Of these three foundations unity is perhaps the most fundamental. I am confident that a renewed expression of this unity will emerge from the informal talks which, following on the postponement of the Bermuda meeting, we, British and Americans, with our French friends, will soon be holding in Washington. These talks are timely.

New forces, new tendencies are showing themselves in the world: we must face them, assess them, and agree on how to deal with them. For if we are to attain our goals, we, at least, who bear the responsibility for leadership in the free world, must never for long be parted from the "united thoughts and counsels, equal hope and hazard in the glorious enterprise" of which the English poet spoke long ago.

Joins Saunders, Stivers

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Robert M. Parker has become connected with Saunders, Stiver & Co., Terminal Tower Building, members of the Midwest Stock Exchange.

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.

American Independence Life Insurance Co., Houston, Texas.
July 14 filed 50,000 shares of preferred stock (no par) and 50,000 shares of common stock (no par) to be offered to commissioned officers of the uniformed services of the United States in units of five shares of each class of stock. **Price**—$495 per unit. Payment may be made in 36 equal monthly instalments of $13.75 each. **Proceeds**—For general corporate purposes. **Underwriter**—None.

American-Marietta Co., Chicago, Ill.
July 20 (letter of notification) 4,500 shares of common stock (par $2). **Price** — At market (approximately $22 per share). **Proceeds**—To Grover M. Hermann, the selling stockholder. **Underwriter**—First California Co., Inc., San Francisco, Calif.

● **Applied Science Corp. of Princeton (8/11)**
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.

Arizona Bancorporation, Phoenix, Ariz.
July 17 filed 150,000 shares of common stock to be offered for subscription by common stockholders on the basis of three-quarters of a new share for each share held (with oversubscription privilges). Price — At par ($10 per share). Proceeds—To purchase stock of three State banks. Underwriter—None.

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.

Automatic Electric Windows, Inc.
July 17 (letter of notification) 299,850 shares of common stock (par 1 cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office** — Woodside, L. I., N. Y. **Underwriter**—Royal Securities Corp., New York.

Brunner Manufacturing Co., Utica, N. Y. (8/18)
July 21 filed 100,000 shares of common stock (par $1) and $1,500,000 of 15-year 6% subordinated convertible debentures due July 31, 1968. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and to purchase machinery. **Business**—Manufactures air conditioning parts. **Underwriter**—Allen & Co., New York, and Mohawk Valley Investing Co., Inc., Utica, N. Y.

● **Buckeye Incubator Co., Springfield, Ohio (8/11)**
July 27 (letter of notification) 215,000 shares of common stock (par $1). **Price**—$1.35 per share. **Proceeds**—To retire debt. **Office**—504 W. Euclid Ave., Springfield, O. **Underwriters**—Gearhart & Otis, Inc., New York; and McCoy & Willard, Boston, Mass.

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.

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.

★ **Channel Sightseers, Inc., Houston, Tex.**
July 27 (letter of notification) 1,500 shares of 6% cumulative preferred stock (par $50) and 15,000 shares of common stock (par 10 cents) to be offered in units of one preferred and 10 common shares. **Price** — $60 per unit. **Proceeds**—For new equipment and operating expenses. **Business**—Operation of sightseeing trips. **Underwriter**—J. R. Phillips Investment Co., Inc., Houston, Tex.

NEW ISSUE CALENDAR

August 10 (Monday)
Colorado Uranium Mines, Inc. .... Common
(Tellier & Co.) $300,000
Louisville & Nashville RR. ...... Equip. Trust Ctfs.
(Bids to be invited) $7,650,000

August 11 (Tuesday)
Applied Science Corp. .... Notes & Stock
(C. K. Pistell & Co., Inc.) $787,500
Buckeye Incubator Co. .... Common
(Gearhart & Otis, Inc.) $290,250
Chesapeake & Potomac Telephone Co. of Baltimore City .... Debentures
(Bids 11 a.m. EDT) $15,000,000
State Loan & Finance Corp. .... Debentures
(Johnston, Lemon & Co.) $2,750,000
Texas International Sulphur Co. .... Common
(Vickers Brothers) 400,000 shares
Texota Oil Co. .... Common
(Piper, Jaffray & Hopwood) $750,000

August 12 (Wednesday)
Gulf, Mobile & Ohio RR. .... Equip. Trust Ctfs.
(Bids 1 p.m. EDT) $4,500,000

August 15 (Saturday)
Girard Investment Co. .... Preference
(Offering by company—no underwriting) $300,000

August 17 (Monday)
Giannini (G. M.) & Co. .... Common
(G. H. Walker & Co. and Hill, Richards & Co.) 18,316 shrs.

August 18 (Tuesday)
Brunner Manufacturing Co. ...... Debs. & Common
(Allen & Co. and Mohawk Valley Investing Co., Inc.) $1,500 debs. and 100,000 shares of stock
Combined Locks Paper Co. .... Class A common
(Hemphill, Noyes & Co.) 100,000 shares
General Telephone Corp. .... Common
(Paine, Webber, Jackson & Curtis; Mitchum, Tully & Co., and Stone & Webster Securities Corp.) 300,000 shrs.

August 19 (Wednesday)
Central of Georgia Ry. .... Equip. Trust Ctfs.
(Bids noon EDT) $5,460,000
Southern California Water Co. .... Preferred
(Harris, Hall & Co., Inc. and Smith, Polian & Co.) $1,500,000

August 20 (Thursday)
American Fidelity & Casualty Co. .... Preferred
(Geyer & Co.) $750,000
Northland Oils, Ltd. .... Common
(M. S. Gerber, Inc.) $150,000
Pacific Finance Corp. (Calif.) .... Debentures
(Blyth & Co., Inc. and Hornblower & Weeks) $20,000,000

August 25 (Tuesday)
Southern California Edison Co. .... Bonds
(Bids to be invited) $30,000,000

August 26 (Wednesday)
Minnesota Mining & Manufacturing Co. .... Common
(Goldman, Sachs & Co.; Kidder, Peabody & Co., and Piper, Jaffray & Hopwood) 145,000 shares

August 31 (Monday)
Denver & Rio Grande Western RR. .... Eq. Tr. Ctfs.
(Bids to be invited) $3,300,000
Wisconsin Power & Light Co. .... Bonds
(Bids to be invited) $8,000,000

September 1 (Tuesday)
Duke Power Co. .... Bonds
(Bids 11.30 a.m. EDT) $35,000,000

September 2 (Wednesday)
Duke Power Co. .... Common
(Offering to stockholders—no underwriting) 208,321 shares

September 14 (Monday)
Tennessee Gas Transmission Co. .... Debentures
(Bids 11 a.m. EDT) $20,000,000

September 15 (Tuesday)
Duquesne Light Co. .... Common
(Bids to be invited) about 150,000 shares
Louisiana Power & Light Co. .... Bonds
(Bids noon EDT) $12,000,000
Pacific Telephone & Telegraph Co. .... Debs.
(Bids to be invited) $50,000,000
Westinghouse Air Brake Co. .... Debentures
(The First Boston Corp.) $35,000,000

September 17 (Thursday)
Duquesne Light Co. .... Preferred
(Bids to invited) about $5,000,000

September 22 (Tuesday)
Duquesne Light Co. .... Bonds
(Bids to be invited) $12,000,000

September 30 (Wednesday)
New England Gas & Electric Association. Common
(Offering to stockholders—The First Boston Corp. to be dealer-manager) 194,916 shares

October 6 (Tuesday)
Mississippi Power Co. .... Bonds
(Bids to be invited) $4,000,000

● **Chesapeake & Potomac Telephone Co. of Baltimore City (8/11)**
July 10 filed $15,000,000 of 31-year debentures due Aug. 15, 1984. **Proceeds**—To repay advances from American Telephone & Telegraph Co., parent. **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. **Bids**—To be received at 195 Broadway, New York City, up to 11 a.m. (EDT) on Aug. 11.

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.

● **Colorado Uranium Mines, Inc. (8/10)**
July 20 (letter of notification) 2,000,000 shares of common stock (par 1 cent). **Price**—15 cents per share. **Proceeds**—For working capital. **Office**—Rangely, Colo. **Underwriter**—Tellier & Co., New York.

★ **Combined Locks Paper Co. (8/18)**
July 28 filed 100,000 shares of class A common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Underwriter**—Hemphill, Noyes & Co., New York.

Consumers Cooperative Association, Kansas City, Mo.
July 22 filed 200,000 shares of 6% non-cumulative series "A" preferred stock (par $25) and $5,000,000 of 20-year 5½% subordinated certificates of indebtedness. In amounts divisable by $100. **Price**—At par. **Proceeds**—For new construction and working capital. **Underwriter**—None.

★ **Cugil Laboratories, Inc., Palo Alto, Calif.**
July 31 (letter of notification) 1,000 shares of preferred stock (par $100) and 1,000 shares of common stock (par $1) to be offered in units of one share of each class of stock. **Price**—$101 per unit. **Proceeds**—To increase volume of imported crude drugs and botanicals over volume of predecessor, Transandino Co. Office—3839 El Camino Real, Palo Alto, Calif. **Underwriter**—None.

DeKalb & Ogle Telephone Co., Sycamore, Ill.
June 24 (letter of notification) 25,695 shares of common stock, to be offered for subscription by stockholdes 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.

★ **Detroit Edison Co.**
July 30 (letter of notification) $300,000 aggregate amount of common stock to be offered pursuant to an employee purchase plan. **Underwriter**—None.

★ **Duke Power Co., Charlotte, N. C. (9/1)**
July 30 filed $35,000,000 of first and refunding mortgage bonds due 1983. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Stone & Webster Securities Corp.; The First Boston Corp. **Bids**—Expected to be received to 11:30 a.m. (EDT) on Sept. 1.

★ **Duke Power Co., Charlotte, N. C. (9/2)**
July 30 filed 208,321 shares of common stock (no par) to be offered for subscription by stockholders of record Sept. 2, 1953 on the basis of one new share for each 20 sares held; rights to expire on Sept. 18. **Price** — To be supplied by amendment. **Proceeds** — To repay bank loans and for new construction. **Underwriter**—None.

Eagle Super Markets, Inc., Moline, Ill.
May 21 (letter of notification) 25,000 shares of 6% preferred stock. **Price**—At par ($10 per share). **Proceeds**—To redeem first preferred stock and for working capital. **Office**—2519 Fourth Ave., Moline, Ill. **Underwriter**—Harry Hall Co., Safety Bldg., Rock Island, Ill.

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.

Fidelity Acceptance Corp., Minneapolis, Minn.
July 15 (letter of notification) 9,200 shares of class E 6% cumulative preferred stock. **Price**—At par ($25 per share). **Proceeds**—To reduce bank loans. **Underwriter**—M. H. Bishop & Co., Minneapolis, Minn.

★ **First Investors Corp., New York**
July 31 filed three series of Single Payment Plans and Periodic Payment Plans for the Accumulation of Shares of Mutual Investment Fund, Inc. in an aggregate amount of $3,600,000. **Proceeds**—For investment. **Underwriter**—None.

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 Telephone Corp. (8/18)**
July 31 filed 300,000 shares of common stock (par $20). **Price**—To be supplied by amendment. **Proceeds**—To make additional investments in stocks of subsidiaries and temporary advances to subsidiaries. **Underwriters**—Paine, Webber, Jackson & Curtis; Mitchum, Tully & Co.; and Stone & Webster Securities Corp.

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.

★ **Girard Investment Co. (8/15)**
July 31 (letter of notification) 30,000 shares of 6% cumulative non-participating preference stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Office**—4 North 11th St., Philadelphia, Pa. **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.

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.

★ **Gulf Coast Leaseholds, Inc., Houston, Tex.**
July 31 (letter of notification) 60,000 shares of 6¼% cumulative convertible class A stock (par $4) to be offered for subscription by common stockholders at rate of one class A share for each three common shares held. **Price**—$5 per share. **Proceeds**—For working capital, etc. **Underwriter**—Leason & Co., Inc., Chicago, Ill.

● **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, being offered for subscription by stockholders of record July 31 in units of one share of stock and a $25 debenture (with an oversubscription privilege); rights will expire Aug. 31. **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.

★ **Industrial Research, Inc., Miami, Fla.**
July 29 (letter of notification) 85,000 shares of common stock (par $1). **Price** — $1.15 per share. **Proceeds**—For working capital. **Office**—4016 Northwest 29th St., Miami, Fla. **Business**—Battery experimentation. **Underwriter**—Barham & Co., Coral Gables, Fla.

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 Industries & Developments, Inc.
July 20 (letter of notification) 35,000 shares of common stock (par 10 cents). **Price**—$1.37½ per share. **Proceeds**—For working capital. **Office**—79 Wall St., New York, N. Y. **Underwriter**—George B. Wallace & Co., N. Y.

International Telephone & Telegraph Co.
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. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for other corporate purposes. **Underwriter**—Blyth & Co., Inc., New York. **Offering**—Indefinitely postponed.

Ionics, Inc., Cambridge, Mass.
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.). **Offering**—Postponed until some time in September.

★ **Joy Manufacturing Co.**
July 29 (letter of notification) 3,630 shares of common stock (par $1). **Price**—At market (about $34.37½ per share). **Proceeds**—For general corporate purposes. **Office**—Third & Buffalo Sts., Franklin, Pa. **Underwriter**—None, but Hallgarten & Co. and R. W. Pressprich & Co. will act as brokers.

★ **King Oil Co., Salt Lake City, Utah**
July 29 (letter of notification) 1,000,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—To drill well. **Office**—28 W. 2nd St., South, Salt Lake City, Utah. **Underwriter**—None.

★ **Las Vegas Greyhound Association, Inc.**
Aug. 3 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To buy land and construct greyhound race track. **Office**—Suite 100, 114 N. 3rd. St., Las Vegas, Nev. **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.

★ **Managed Funds, Inc., St. Louis, Mo.**
July 30 filed 3,000,000 shares of capital stock. **Price**—At market. **Proceeds** — For investment. **Underwriter**—None.

McCarthy (Glenn), Inc.
June 12 filed 10,000,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—For drilling of exploratory wells, acquisition of leases and for general corporate purposes. **Underwriter**—B. V. Christie & Co., Houston, Tex. **Dealer Relations Representative**—George A. Searight, 50 Broadway, New York, N. Y. Telephone WHitehall 3-2181. **Offering**—Date indefinite.

McWilliams Dredging Co., New Orleans, La.
July 15 (letter of notification) 3,800 shares of common stock (par $10). **Price** — At market (approximately $12.62½ per share). **Proceeds**—To a selling stockholder. **Underwriter**—Bacon, Whipple & Co., Chicago, Ill.

Miami Window Corp., Miami, Fla.
July 9 (letter of notification) 150,000 shares of preferred stock. **Price**—At par ($2 per share). **Proceeds**—To liquidate obligations and for payment of current accounts and working capital. **Office**—5200 N. W. 37th Ave., Miami, Fla. **Underwriter**—Atwill & Co., Miami Beach, Florida.

Michigan Consolidated Gas Co.
May 15 filed $20,000,000 of first mortgage bonds due 1978. **Proceeds**—From sale of bonds, plus proceeds from sale of 215,000 shares of common stock (par $14) to American Natural Gas Co., parent, for $3,010,000, to be used to repay bank loans and for construction program. **Bids**—A group headed jointly by Halsey, Stuart & Co., Inc., Harriman Ripley & Co., Inc. and Union Securities Corp. entered the only bid on June 15 for the securities—100.125 for 5s. This bid was rejected. Reoffering had been planned at 101.875 to yield 4.87%. July 6 company sought SEC authority to borrow $20,000,000 from banks on 3¼% notes pending permanent financing.

★ **Minnesota Fund, Inc., Minneapolis, Minn.**
July 29 filed 150,000 shares of common stock. **Price**—At market. **Proceeds** — For investment. **Underwriter**—None.

★ **Minnesota Mining & Manufacturing Co. (8/26)**
Aug. 6 filed 145,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To certain selling stockholders. **Underwriters** — Goldman, Sachs & Co.; Kidder, Peabody & Co.; and Piper, Jaffray & Hopwood.

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.

★ **North Idaho Mines, Inc., Kellogg, Ida.**
July 31 (letter of notification) 400 shares of common stock (no par). **Price**—$125 per share. **Proceeds**—For exploration. **Address**—Box 298, Kellogg, Idaho. **Underwriter**—Robert G. Sparling.

● **Northland Oils Ltd., Canada (8/20)**
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.

Oil Finance Corp., Warren, Pa.
July 16 (letter of notification) 1,250,000 shares of common stock (par 1 cent). **Price**—At the market (about 4 cents per share). **Proceeds**—To Anderson Oil Co., the selling stockholder. **Office**—217 Hickory St., Warren, Pa. **Underwriter**—None.

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.

★ **Pacific Finance Corp. (Calif.) (8/20)**
July 30 filed $20,000,000 of 4% debentures due 1959. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans. **Underwriters** — Blyth & Co., Inc. and Hornblower & Weeks.

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.

★ **Pandora Metals, Inc., Aurora, Colo.**
July 30 (letter of notification) 100,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For development of mining properties. **Office**—1555 Dayton St., Aurora, Colo. **Underwriter**—None.

★ **Parkmaster Systems, Inc., Spokane, Wash.**
July 31 (letter of notification) 50,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For general corporate purposes. **Office**—215 Paulsen Bldg., Spokane, Wash. **Business**—Manufactures parking devices. **Underwriters**—Pennaluna & Co., and Hachez & Brown, Inc. and Walter J. Nicholls & Co., all of Spokane, Wash.

Pedlow-Nease Chemical Co., Inc.
July 9 (letter of notification) 2,000 shares of capital stock (no par) to be offered to stockholders of record June 29 at rate of one new share for each five shares held. **Price**—$10 per share. **Proceeds**—For working capital. **Office**—Lock Haven, Pa. **Underwriter**—None.

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.

★ **Pioneer Enterprises, Inc., Bluefield, W. Va.**
July 29 (letter of notification) 44,348 shares of common stock to be issued under offer of rescission. **Price**—At par ($5 per share). **Proceeds**—For working capital. **Office**—Law & Commerce Bldg., Bluefield, W. Va. **Underwriter**—None.

★ **Pony Tungsten Enterprise, Pony, Mont.**
July 31 (letter of notification) 300,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For exploration and development and to construct and equip mill. **Underwriter**—None.

Powdercraft Corp., Spartanburg, S. C.
June 3 (letter of notification) 5,000 shares of capital stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Business**—Makes machine parts. **Office** 746 Hayne St., Spartanburg, S. C. **Underwriter**—Calhoun & Co., Spartanburg, S. C.

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.

★ **Puritan Bottling Co., Inc.**
July 29 (letter of notification) 50,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For equipment. **Office**—615 Adams St., Hoboken, N. J. **Underwriter**—None.

Ridley Mines Holding Co., Grafton, N. D.
June 1 filed 120,000 shares of common stock. **Price**—At par ($5 per share). **Proceeds** — For working capital. **Underwriter**—None.

★ **Rowland Products, Inc., Kensington, Conn.**
July 30 (letter of notification) 2,450 shares of common stock to be offered to stockholders on basis of one new share for each two shares held on July 22. **Price**—At par ($25 per share). **Proceeds** — For working capital. **Office**—Fairview Place, Kensington, Conn. **Underwriter**—None.

★ **Royalty Holding Co., Inc., Oklahoma City, Okla.**
Aug. 3 (letter of notification) 20,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To pay cost of acquiring stock from Blankenship Estate. **Office**—2706 Liberty Bank Bldg., Oklahoma City, Okla. **Underwriter**—None.

● **Saint Anne's Oil Production Co.**
April 23 filed 165,000 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 of Chicago, Ill. **Offering**—Is imminent.

Schlafly Nolan Oil Co., Inc.
March 25 filed 150,000 shares of common stock (par 25¢). **Price**—$4 per share. **Proceeds**—To purchase and sell leaseholds, royalties and producing properties, to prospect for oil and gas and to develop and operate producing properties. **Office**—Mt. Vernon, Ill. **Underwriter**—L. H. Rothchild & Co., New York. **Offering**—Indefinitely postponed.

★ **Schweser's (Geo.) Sons, Inc., Fremont, Neb.**
Aug. 3 (letter of notification) $100,000 of serial debentures due annually 1954-1973, inclusive. **Price**—At par. **Proceeds** — For new retail store. **Underwriter** — Ellis, Holyoke & Co., Lincoln, Neb.

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.

● **Silex Co., Hartford, Conn.**
July 24 filed 201,563 shares of common stock (par $1) to be offered for subscription by common stockholders of record Aug. 12 on a one-for-one basis; rights to expire Aug. 24 (rights to 67,187 shares had previously been waived). **Price**—To be supplied by amendment. **Proceeds**—To redeem 75% of outstanding 5½% convertible debentures. **Underwriter**—None.

★ **Sky Ride Helicopter Corp., Washington, D. C.**
July 22 (letter of notification) 10,000 shares of common stock (no par). **Price**—$2 per share. **Proceeds**—For office equipment and patents and taxes. **Office** — Suite

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No. 1, National Airport, Washington 1, D. 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.

Southern California Edison Co. (8/25)
July 27 filed $30,000,000 of first and refunding mortgage bonds, series E, due 1978. **Proceeds**—For 1953 construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Harris, Hall & Co. (Inc.) (jointly); Blyth & Co., Inc.; Kuhn, Loeb & Co. **Bids**—Expected to be received about Aug. 25.

★ **Southern California Water Co. (8/19)**
July 29 filed 60,000 shares of cumulative convertible preferred stock (par $25). **Price**—To be supplied by amendment. **Proceeds** — To retire bank loans and for new construction. **Underwriters** — Harris, Hall & Co. Inc., Chicago, Ill., and Smith, Polian & Co., Omaha, Neb.

★ **Spencer Kellogg & Sons, Inc.**
July 30 (letter of notification) 6,500 shares of common stock (par $1). **Price**—At market (not to exceed an aggregate of $100,000). **Proceeds**—To Howard Kellogg, Ruth Kellogg Terry and The Marine Trust Co. of Western New York, as trustees for Ruth Kellogg Terry. **Undewriter**—White, Weld & Co., New York.

State Loan & Finance Corp. (8/11)
July 14 filed $2,750,000 of 5% 7-year sinking fund subordinated debentures due April 1, 1960. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans. **Underwriter**—Johnston, Lemon & Co., Washington, D. C.

★ **Sunland Investment Co., Scottsdale, Ariz.**
July 29 (letter of notification) 10,000 shares of class B common stock (par 10 cents) and 20,000 shares of 7% cumulative preferred stock (par $5). **Price**—At par. **Proceeds**—For equipment and operating capital. **Business**—Real estate. **Office** — Camelback & Scottsdale Road, Scottsdale, Ariz. **Underwriter**—None.

Technograph Printed Electronics Inc.
June 26 (letter of notification) 99,906.2 shares of common stock (par 40 cents) being 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.

● **Texas International Sulphur Co. (8/11)**
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. (8/10-13)**
June 21 filed 150,000 shares of common stock (par 1¢). **Price**—$5 per share. **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.

★ **Thompson Creek Coal & Coke Corp., Denver, Colo.**
July 30 (letter of notification) 30,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds** — For equipment and to pay indebtedness. Address—P. O. Box 7772, Denver 15, Colo. **Underwriter**—None.

Tyte Products Corp., Westboro, Mass.
July 15 (letter of notification) 145,000 shares of class A common stock (par $1) (with detachable warrants for 145,000 shares). **Price**—$2 per share. **Proceeds**—For land, buildings, machinery and equipment for manufacture of paper containers. **Office**—9 Grove St., Westboro, Mass. **Underwriter**—Armington & Co., Boston, Mass.

United Gas Corp., Shreveport, La.
June 26 filed 1,171,863 shares of common stock (par $10) being offered for subscription by common stockholders at the rate of one new share for each 10 shares held as of record July 23 (with an oversubscription privilege); rights to expire on Aug. 14. **Price**—$21 per share. **Proceeds**—For repayment of bank loans and for new construction. **Underwriter**—None.

United Mining & Leasing Corp. Central City, Colo.
May 4 (letter of notification) 115,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining equipment. **Underwriter** — R. L. Hughes & Co., Denver, Colo.

U. S. Airlines, Inc., New York
May 28 filed 1,000,000 shares of common stock (par 5 cents). **Price**—To be supplied by amendment. **Proceeds**—For working capital, etc. **Underwriter**—Gearhart & Otis, Inc., New York.

● **United States Radium Corp.**
July 17 (letter of notification) 10,603 shares of common stock (par $2) being offered for subscription by stockholders of record July 28 on the basis of one new share for each six shares held. Rights will expire Aug. 17. Unsubscribed shares will be offered to officers and employees for a 30-day period. **Price** — $8.50 per share. **Proceeds**—To reimburse treasury in connection with redemption July 1 of 821 shares of $7 first preferred stock. **Office**—535 Pearl St., New York, N. Y. **Underwriter**—None.

Universal Finance Corp., Los Angeles, Calif.
July 27 (letter of notification) 12,000 shares of 6% cumulative preferred stock. **Price** — At par ($25 per share). **Proceeds**—For working capital. **Office**—3460 Wilshire Blvd., Los Angeles, Calif. **Underwriter**—None.

Walburt Oils Ltd., Toronto, Canada
April 24 filed 660,000 shares of common stock (par $1) of which 550,000 shares will be offered in the United States and 110,000 shares in Canada. **Price** — $1.02 per share in U. S. and $1 per share in Canada. **Proceeds**—For general corporate purposes. **Underwriter**—Sidney S. Walcott, President of company, Buffalo, N. Y.

Wallace (William) Co., Belmont, Calif.
July 7 (letter of notification) 12,100 shares of capital stock (par $10). **Proceeds**—For machinery and equipment. **Office**—Old Country Road, Belmont, Calif. **Underwriter**—Dean Witter & Co., San Francisco, Calif.

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**—$1 per share. **Proceeds**—To William Zeckendorf, President and selling stockholder who owns 11,567,804.7 shares. **Business**—Real estate and other interests. **Underwriter**—Bear, Stearns & Co., New York. **Offering**—Now being made.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20 filed $29,000,000 12-year 6% debentures due Dec. 15, 1964, and 580,000 shares of common stock (par 50 cents) to be offered in units of one $50 debenture and one share of stock. **Price** — To be supplied by amendment. **Proceeds**—From sale of units and 1,125,000 additional shares of common stock and private sale of $55,000,000 first mortgage bonds, to be used to build a 1,030 mile crude oil pipeline. **Underwriters**—White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20 filed 1,125,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to be used to build pipeline. **Underwriters** — White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

Prospective Offerings

American Fidelity & Casualty Co. (8/20)
July 8 it was stated registration is planned around July 28 of about 100,000 shares of convertible preferred stock (par $5) to be offered for subscription by common stockholders about Aug. 20 on a share-for-share basis; with about a 14-day standby. **Price** — To be named later. **Proceeds**—For working capital. **Underwriter**—Geyer & Co., New York.

★ **American Water Works Co., Inc.**
July 29 it was reported company may do some preferred stock financing following private placement of an issue of bonds. **Underwriter** — Probably The First Boston Corp., New York.

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.

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.

★ **Central of Georgia Ry. (8/18)**
Bids will be received by the ocmpany up to noon (EDT) on Aug. 18 for the purchase from it of $5,460,000 equipment trust certificates to be dated Sept. 1, 1953 and to mature annually from Sept. 1, 1954-1968, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

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 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-Penn National Bank of Philadelphia**
July 24 it was reported Bank plans to issue and sell to its stockholders of record Sept. 22 an additional 124,125 shares of capital stock (par $10) to be offered on a 1-for-3 basis. **Price**—$30 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa.

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.

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.

Consolidated Textile Co., Inc.
July 22 the directors authorized an issue of $1,000,000 5% subordinated convertible debentures due Oct. 15, 1956 to be offered exclusively to stockholders. They will be convertible into common stock at $12 per share.

Denver & Rio Grande Western RR. (8/31)
July 7 it was reported that the company proposes to sell $3,300,000 additional equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

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.

Duquesne Light Co. (9/15-17-22)
July 17 it was reported company is planning issuance and sale of $12,000,000 of first mortgage bonds, about 100,000 shares of preferred stock (par $50) and about 150,000 shares of common stock. **Underwriters**—May be determined by competitive bidding. Probable bidders: (1) For bonds only: Halsey, Stuart & Co. Inc.; Drexel & Co. and Equitable Securities Corp. (jointly); Kuhn, Loeb & Co., Union Securities Corp. and A. C. Allyn & Co., Inc. (jointly); Glore, Forgan & Co.; White, Weld & Co.; Harriman Ripley & Co. Inc. (2) For preferred stock: The First Boston Corp.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Kuhn, Loeb & Co. and Smith, Barney & Co. (jointly); Blyth & Co., Inc. (3) For common stock: The First Boston Corp. and Lehman Brothers (jointly); Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly); Carl M. Loeb, Rhoades & Co. and Wertheim & Co. (jointly); Stone & Webster Securities Corp.; Kuhn, Loeb & Co. and Smith, Barney & Co. (jointly), Union Securities Corp. **Bids** — For common stock, expected about Sept. 15; for preferred stock about Sept. 17; and for bonds about Sept. 22.

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).

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 Controls Co.**
July 27 it was reported company may do some financing this Fall. **Underwriter** — Probably Dean Witter & Co.

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** — Probable Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp.

★ **Giannini (G. M.) & Co., Pasadena, Calif. (8/17-20)**
July 27 it was reported company plans to offer 18,316 additional shares of common stock. **Price** — Expected around $12 per share. **Underwriters**—G. H. Walker & Co. and Hill Richards & Co.

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 $423,000 par value of common stock (the latter first to stockholders). **Proceeds**—To retire bank loans. **Underwriter**—F. L. Putman & Co., Boston, Mass.

Gulf, Mobile & Ohio RR. (8/12)
Bids are expected to be received by the company up to 1 p.m. (EDT) on Aug. 12 for the purchase from it of $4,500,000 equipment trust certificates due semi-annually March 1, 1954 to Sept. 1, 1968. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

★ **Household Finance Corp.**
July 30 it was reported company may issue and sell in September about $25,000,000 of short-term debentures. **Underwriters**—Lee Higginson & Co., New York. **Registration**—Expected late this month.

Illinois Bell Telephone Co.
July 9 company sought Illinois Commerce Commission to issue and sell 568,703 shares of capital stock (par $100) to stockholders (American Telephone & Telegraph Co., parent, owns all but about 4,000 shares of outstanding stock). **Proceeds** — To retire indebtedness to parent company. **Underwriter**—None.

Indiana & Michigan Electric Co.
July 23 it was reported company is planning issuance and sale of $15,000,000 first mortgage bonds due 1983 and probably also $5,000,000 of preferred stock, late in September or early in October. **Underwriters**—To be determined by competitive bidding. Probable bidders: (1) For bonds: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co.; Union Securities Corp.; Harriman Ripley & Co. Inc. (2) For preferred: The First Boston Corp.; Lehman Brothers; Union Securities Corp.

Kansas-Nebraska Natural Gas Co., Inc.
May 12 it was reported company may issue and sell about $4,750,000 first mortgage bonds. **Proceeds**—To repay $800,000 bank loans and for new construction. **Underwriter**—Central Republic Co., Inc., Chicago, Ill.

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 up to noon (EDT) on Sept. 15. **Registration**—Planned for Aug. 11.

Louisville & Nashville RR. (8/10)
Bids will be received by the company on Aug. 10 for the purchase from it of $7,650,000 equipment trust certificates to mature in 1-to-15 years. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

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.

★ **Middle States Telephone Co.**
July 31 it was announced company plans to issue and sell 60,000 additional shares of common stock (par $10). About 98% of the outstanding common shares are owned by Central Telephone Co.

★ **Mill Creek Chemical Co.**
July 24 it was reported that company may do some financing in connection with its plan to build an anhydrous ammonia plant in the Salt Lake City area to cost about $9,000,000. **Underwriter** — Glore, Forgan & Co., New York.

Milwaukee Gas Light Co.
July 7 company sought SEC approval of a bank loan of $9,000,000 the mature Aug. 1, 1954. These borrowings, plus retained earnings, are designed to finance expansion pending formulation of permanent financing prior to maturity of notes. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co. and Lehman Brothers (jointly); Smith, Barney & Co. and Blyth & Co., Inc. (jointly); Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Harriman Ripley & Co. Inc.

● **Mississippi Power Co. (10/6)**
July 20, L. P. Sweatt, President, announced company plans to issue and sell $4,000,000 of 30-year first mortgage bonds due 1983. **Proceeds** — For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp.; Equitable Securities Corp. and Drexel & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co.; The First Boston Corp. **Bids**—Expected to be submitted on Oct. 6. **Registration** Expected Sept. 4.

★ **Mountain States Power Co.**
July 24 it was reported company may issue and sell in the Fall an issue of first mortgage bonds. **Underwriters** —To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.

● **New England Gas & Electric Association (9/30-10/1)**
July 24 company sought SEC permission to issue and sell 194,916 shares of common stock (par $8) to be offered for subscription by common stockholders at the rate of one new share for each 10 shares held (with a 16-day standby). **Price**—To be announced later. **Proceeds**—To retire bank loans. **Dealer-Manager**—The First Boston Corp. served in last common stock offering.

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.

Northern Natural Gas Co.
July 17 Harry H. Siert, Treasurer, announced that stockholders will soon vote on authorizing an issue of 750,000 shares of preferred stock, of which it is planned to issue and sell 250,000 shares (par $100) this Fall. **Proceeds**—For expansion program. **Underwriter**—Blyth & Co., Inc., handled recent common stock financing.

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. (9/15)
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 about Sept. 15.

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.

Petroleum Service, Inc. (Texas)
July 22 it was reported company is considering doing some financing this Fall. **Underwriters**—Probably Aetna Securities Corp., New York, and Garrett & Co., Dallas, Tex.

★ **Raytheon Manufacturing Co.**
July 27 it was reported company may offer to common stockholders about 435,000 additional shares of common stock (some time in the future) on a 1-for-5 basis. **Underwriters**—Hornblower & Weeks and Paine, Webber, Jackson & Curtis.

● **Rockland Light & Power Co.**
Nov. 12, 1952 F. L. Lovett, President, announced company expects to raise about $24,000,000 in the next two years through sale of bonds, and preferred and common stock, viz: $5,500,000 of first mortgage bonds and $5,500,000 preferred stock in 1953 and $6,000,000 bonds, $6,000,000 preferred stock, and $1,000,000 common stock in 1954. **Proceeds**—To retire bank loans (which at July 15 totaled $6,867,000) and for expansion program. **Underwriters**—For bonds and preferred stock may be determined by competitive bidding. Probable bidders: (1) For bonds: Halsey, Stuart & Co. Inc.; First Boston Corp. and Salomon Bros. & Hutzler (jointly); Stone & Webster Securities Corp.; Lehman Brothers, Bear, Stearns & Co. and A. C. Allyn & Co., Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Estabrook & Co. (2) For preferred—Stone & Webster Securities Corp.; Lehman Brothers; W. C. Langley & Co.; Estabrook & Co. and Kidder, Peabody & Co. (jointly). Common stock will probably be offered for subscription by stockholders. **Offering**—Expected during the Fall of 1953.

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 by FPC to be held Aug. 10.

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. (jointyl); 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).

★ **Stauffer Chemical Co., New York**
July 29 it was reported company plans new financing in the near future. **Underwriter**—Morgan Stanley & Co., New York.

● **Tennessee Gas Transmission Co. (9/14)**
July 20 it was reported company plans to issue and sell $20,000,000 of debentures due 1973. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp. and White, Weld & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on Sept. 14. **Registration**—Tentatively scheduled for Aug. 14.

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.

● **Westinghouse Air Brake Co. (9/15)**
July 8 it was announced stockholders will on Aug. 25 vote on increasing the authorized indebtedness to not exceeding $50,000,000 at any time outstanding. Financing being considered ($35,000,000 25-year debentures) to pay off $30,000,000 bank loans owed by Le Tourneau-Westinghouse Co., a new subsidiary, and for working capital. **Underwriter**—The First Boston Corp., New York.

Wisconsin Power & Light Co. (8/31)
July 15 it was reported company may issue and sell $8,000,000 first mortgage bonds, series G, due 1983. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co. and Robert W. Baird & Co. (jointly); Union Securities Corp.; Salomon Bros. & Hutzler; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Equitable Securities Corp.; The First Boston Corp. **Bids**—Tentatively expected to be received on Aug. 31.

Worcester Gas Light Co.
April 2 it was announced company has applied to the Massachusetts Department of Public Utilities for authorization to issue and sell $3,000,000 of 20-year first mortgage bonds. **Proceeds**—To retire bank loans, etc. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co., Inc.; Kidder, Peabody & Co.

Our Reporter's Report

Corporate underwriters will be saved from a "shut-out" next week, but by a narrow margin, since only one utility issue and two small railroad offerings are definitely slated for market.

And the overall total involved in the matter of dollars is not much greater next week than in the current period when the large secondary distribution in Dow Chemical Co. common, (400,000 shares) swelled the aggregate.

Chesapeake & Potomac Telephone Co. of Baltimore, on next Tuesday, is slated to open bids for $15,000,000 of new 31-year debentures. And constituting what is popularly known as a "Street-sized deal," this will promise a lively contest.

No less than five separate banking firms are lined up to face the barrier for this piece of business. With the market in a receptive mood, and this merchandise carrying the American Telephone & Telegraph Co. "tag," the bidding should be extremely keen.

The company will use the proceeds to repay advances made to it by A. T. & T. and for augmenting its working capital.

The only other prospects are Louisville & Nashville Railroad's $7,650,000 of equipment trust certificates on which bids will be opened Monday, and Gulf, Mobile, & Ohio's $4,500,000 of similar certificates for which bids are due on Wednesday.

Backlog Builds Slowly

With summer on the wane and bankers looking forward hopefully to the post-Labor Day period to develop new business, the backlog of fresh prospects is building slowly but steadily.

West Coast utilities still are prominent in the list of potentials. But this week brought something in the way of variation with Westinghouse Air Brake disclosing plans for the sale of $35,000,000 debentures along about mid-September.

Proceeds would go to liquidate short-term debts of it subsidiary LeTourneau-Westinghouse, owed to Mellon National Bank & Trust Co., in the amount of $30,000,000.

Meanwhile stockholders of Central Hudson Gas & Electric Corp. have approved proposed issuance of $6,000,000 of convertible debentures and the sale of 20,000 shares of common to employees.

Seeking to Place Funds

Although the new issues market has been caught in the usual summer let-down dealers have been getting some sustenance from the operations of the smaller out-of-town institutions.

Even the seasoned-market on the Stock Exchange does not fully reflect the steady flow of such business, it is said, since the bulk of it goes through over-the-counter.

But the fact remains that these institutions, in lieu of new issues, are finding it a problem to place their incoming funds. Unlike their larger counterparts they do not have such other outlets as large scale mortgages and direct placements in any great volume.

Paying the Price

Efforts of prospective buyers to place their funds currently available have been plagued by the unwillingness of holders to sell. About the only supply coming into the market arises from decisions of portfolio managers to switch out of one investment into another.

The situation is summed up in short by a look at the current prices prevailing for some of the offerings made in recent months, many of which were laggards at the time of public offering.

The rank and file of these issues now range anywhere from 1 to 4 points above their initial prices. Philadelphia Electric's 3⅞s, priced at 102.6 for initial offering, as an example, is now quoted 105¼ bid and 105¾ asked. Southern natural Gas 4s, likewise, brought out at 99 are now quoted 103⅛ bid 103¾ asked.

Long and Rough Road Ahead For Balanced Budget

"Guaranty Survey," monthly publication of Guaranty Trust Company of New York, forecasts a Federal deficit of $5.8 billion in 1954. Looks for increase in National Debt limit.

Stating that "the struggle to regain control of the Federal Budget is far from won," the August issue of the "Guaranty Survey," monthly publication of the Guaranty Trust Company of New York, foresees, despite possible economies, a 1954 fiscal year deficit of $5.8 billion. After explaining the outcome of the fiscal 1953 budget, which showed the greatest peacetime deficit in U. S. history, the "Guaranty" editorial states:

"Looking forward to the fiscal year 1955, which the Administration hopes will mark the end of deficit financing, Senator Byrd foresees a drop in receipts to about $60 billion due to the expiration of the excess-profits tax and the scheduled reductions in income tax rates. To bring the budget into balance, according to this view, a cut of $14 billion in expenditures will be required. This, Mr. Byrd thinks, is impossible, unless substantial changes occur in the world situation. Without such changes, the outlook for the next fiscal year will be as bad as this year's 'and maybe worse.' He sees no assurance of a balanced budget even in fiscal 1956.

"Forecasts that look as far into the future as this are subject to a wide margin of error. The error, however, may be on one side as well as on the other. With every desire to take the most favorable view that conditions warrant, it must be conceded that daylight is not yet clearly visible ahead. The Federal Government has inherited a fiscal problem, arising both from past profligacy and world realities, to which there is no easy solution.

"A balanced budget is urgently needed. Further increases in tax rates under the present revenue structure seem impracticable. Hence, it appears that relief must be sought in a combination of closer control over expenditures and a thorough overhauling of the present complex, inequitable and uneconomic Federal tax system.

"The Administration has already laid plans for two projects that hold considerable promise. One of these is general tax revision, on which hearings have already begun. So far the emphasis has been mainly on simplification and the removal of inequities. Important as these are, they cannot solve the budgetary question. If more revenue is needed, it can come only from a broadening of the tax base. This is a politically unpopular device, but there is no safe alternative on the revenue side. The favorite tax targets — corporate earnings and individual incomes in the higher brackets—are already being exploited to the full. Unless and until lower spending is possible, the cost must be spread more widely among the people.

Possible Economies

"On the side of expenditures, the Administration has included in the defense budget an appropriation of $500 million to be invested by the Secretary of Defense in 'stand-by capacity.' This means specialized facilities required to produce munitions on a wartime scale but not adapted to profitable operation by private industry in normal times. The purpose of the program is to provide an alternative to enormous expenditures for stockpiling military equipment by creating facilities for producing it quickly in time of need. If this device fulfills the promise that some experts see in it, it may go far toward solving the problem of adequate national defense at reduced cost.

"A third objective to which more attention might well be given is that of establishing and maintaining closer control over funds authorized but not yet spent. The carryover of such funds from one fiscal period to another has mounted to a total of more than $80 billion. Most of this money has been contracted for or otherwise committed. Billions might be saved, however, by making such balances subject to continuing review and by sharply limiting the practice of authorizing contractual obligations extending for years into the future. This practice, more than any other, seems to have been responsible for the loss by Congress of the control it formerly exercised over the budget.

"If the near-term outlook for the budget is less bright than was hoped for a few months ago, there is encouragement to be found in the frankness and determination with which hard realities are being faced and stern necessities recognized. The deficit is still with us, but it is no longer being taken for granted. Conditions of years' standing are being found unexpectedly difficult to correct. The correction may take time, but it can be accomplished if the will to accomplish it continues strong enough.

"Treasury estimates for the current fiscal year take no apparent account of the theory of diminishing returns. Secretary Humphrey expects larger business earnings and higher national income, under present tax rates, to yield $68.5 billion in Federal revenue. With expenditures forecast at about $74.3 billion, the indicated deficit is $5.8 billion. All these figures are remarkably close to the 1953 estimates made by the outgoing Administration in January. They take no account of the possible effects of the Korean truce. This, according to some early guesses, is likely to reduce expenditures by about a billion dollars.

"President Eisenhower is asking for new appropriations about $9 billion below those recommended in January. The corresponding reduction in expenditures during the current fiscal year, however, is placed at only about half that amount. The disparity is due to the large unexpended balances from previous appropriations. At this writing Congress has not yet completed action on the new appropriation bills, but current indications are that it will trim perhaps $2 billion from the President's requests. These cuts will probably result in additional reductions of only about half a billion dollars in actual expenditures during fiscal 1954. On the basis of present conditions and estimates, the outlook is for a deficit of at least $4 billion, if the billion-dollar saving from the Korean truce is realized and is not offset by revenue cuts or by additional spending elsewhere—as, for example, for South Korean rehabilitation.

"Senator Byrd, who is considered by many the leading Congressional authority on the budget, takes an even less favorable view of the prospect. He agrees that spending will total about $74 billion, but he doubts that revenue will exceed $64 billion. Accordingly, he thinks the nation faces the choice between a further increase in taxes and a deficit even larger than that for the fiscal year just closed."

Gold Hoarding Slackened in 1952

Annual Report of Bank for International Settlements says, despite new rule of International Monetary Fund permitting free markets in newly mined gold, gold hoarding declined and price of metal in free markets fell to within narrow margin of official U. S. price.

The Annual Report of the Bank for International Settlements, covering its fiscal year ended March 31, 1953, contains the usual discussion, found in previous reports, of gold, foreign exchange reserves and international capital movements. An interesting feature of the discussion is that relating to gold market developments and gold hoarding. Contrary to expectations, says the Bank's Report, when in September, 1951 the International Monetary Fund decided to allow member nations to determine their own rules regarding free sales of gold, the free market price of the metal began a declining trend, approaching a point where the premium above the official U. S. price of $35 an ounce became negligible, thus indicating that gold hoarding was on the decline.

The following are given as the main reasons for the slackening in the demand for gold for hoarding purposes in 1952:

(1) "First in importance was the increased confidence in the national currency in a number of countries. By no means the least remarkable sign of this was the appreciable increase in savings activity in Austria, Germany and other countries.

(2) "In the countries of the Near and Far East—which have been said to be a 'bottomless pit' as far as the demand for gold is concerned—the fall in primary-commodity prices, and thus in incomes, not only limited the resources on the basis of which the demand for gold had been built up but even led to some 'distress selling.' It should be noted that the more severe monetary policies adopted in 1950-51 had the two-fold effect of helping to strengthen monetary confidence in the industrial countries of the West and making for a decline in the prices of raw materials after the excessive increases witnessed during the Korea boom. There is thus an intimate connection between the factors mentioned under (1) and (2).

(3) "A certain role has also been played by a slight relaxation in international political tension—or perhaps it might be better to say by the generally held belief that there has been such a relaxation. This has had the effect of reducing the demand for gold for hedging purposes, for two different reasons: firstly, gold has been less in demand as a hedge against the risks of war, for which it is thought to be eminently suited, since it can be hidden or buried and may often serve to preserve life and freedom in circumstances when bank-notes, not to mention bank deposits, might be useless; secondly, there has been thought to be less need to use gold as a hedge against depreciation, for if there is an improvement in the international political situation there will be prospects of a diminution of inflationary pressures."

"It is interesting to note," says the BIS Report, "that not even all the discussion that there has been about a possible raising of the price of gold in the United States would appear to have given rise to any serious speculative activity, and thus there has not been the increase in gold hoarding which such activity might have engendered. In the first half of December, 1952, when the gold-price debate was becoming keener in anticipation of the conclusions of the Commonwealth Economic Conference in London, the price quoted on free markets actually fell as low as $36.70 per ounce."

With Norris & Hirshberg

(Special to The Financial Chronicle)

ATLANTA, Ga.—Meyer H. Miller has been added to the staff of Norris & Hirshberg, Inc., C. & S. Building.

Willard B. Smith Opens

NORTH SIOUX CITY, S. Dak.—Willard B. Smith has opened offices here to engage in the securities business.

Business Man's Bookshelf

Comparative Economics of Open-Hearth and Electric Furnaces for Production of Low-Carbon Steel—Bituminous Coal Research, Inc., First National Bank Building, Pittsburgh 22, Pa.—$10.00.

Experience Under National Wage Agreements — The Bituminous Coal and Flint Glass Industries of West Virginia—Gerald G. Somers—Bureau of Business Research, College of Commerce, West Virginia University, Morgantown, W. Va.—paper.

Johnson's Investment Company Charts—Loose-leaf book designed to assist in judging open-end trusts — $30 — Johnson's Charts, Rand Building, Buffalo 3, N. Y.

Outlook for Business and Stock Prices — Mid-year review plus four-week trial subscription to "Business and Investment Timing Service"—$2—Anthony Gaubis & Co., 37 Wall Street, New York 5, N. Y.

Snell Packaged Unit Spray Dryers — revised edition — Public Relations Department, Foster D. Snell, Inc., 29 West 15th Street, New York 11, N. Y.—paper—on request.

Year Book of Railroad Information: 1953 Edition—Eastern Railroad Presidents' Conference, 143 Liberty Street, New York 6, N. Y. —paper—on request.

J. A. Hogle & Co. Opens Provo Office

SALT LAKE CITY, Utah—Keeping pace with the rapidly growing Rocky Mountain business scene, J. A. Hogle & Co., members New York Stock Exchange, announce the opening of new brokerage offices in Provo, Utah, on Aug. 3.

Extensive renovations have been completed to the second floor of the Bullock Building in downtown Provo, including a modern stock quotation board, Dow-Jones ticker, and a direct private wire system across the United States and Canada.

The firm is the only member-firm of the New York Stock Exchange in the Provo area, according to Harvey S. Glade, newly appointed Manager of the office. Founded in Salt Lake City in 1915 by James A. Hogle, the firm is one of the largest brokerage houses in the West. Other offices are located in New York, Los Angeles, Beverly Hills, Denver, San Diego, Idaho Falls, Ogden, Pocatello, Butte, Missoula, Boulder, Reno, Spokane and Riverside.

Andre de Coppet

Andre de Coppet, partner in de Coppet & Doremus until his retirement some years ago, passed away at the age of 62 while on a visit to Switzerland.

With Donald C. Sloan

(Special to The Financial Chronicle)

PORTLAND, Oreg.—Donald C. Sloan, Jr. has joined the staff of Donald C. Sloan & Co., Cascade Building.

King Merritt Adds

(Special to The Financial Chronicle)

PONTIAC, Mich.—Royal H. Bradford is now connected with King Merritt & Co., Inc., 53½ West Huron Street.

Two With Courts

(Special to The Financial Chronicle)

DURHAM, N. C.—William H. Fulwiler and James M. Slay have joined the staff of Courts & Co., 204 East Chapel Hill Street.

Joins Walter Gorey

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Mrs. Lucille Creighton has been added to the staff of Walter C. Gorey Co., Russ Building.

James W. Twohig Opens

ALDERSON, W. Va.—James W. Twohig is now engaging in the securities business under the firm name of James W. Twohig and Co.

John G. Kinnard Adds

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn. — Rolf Melleby is now with John G. Kinnard & Co., 71 Baker Arcade.

Paul Gray Opens

WARREN, Pa.—Paul B. Gray is engaging in the securities business from offices at 4 Biddle Street.

DIVIDEND NOTICES

CANCO AMERICAN CAN COMPANY

PREFERRED STOCK

On July 28, 1953 a quarterly dividend of one and three-quarters per cent was declared on the Preferred Stock of this Company, payable October 1, 1953 to Stockholders of record at the close of business September 17, 1953. Transfer Books will remain open. Checks will be mailed.

EDMUND HOFFMAN, *Secretary.*

200th CONSECUTIVE DIVIDEND

Atlas Corporation
33 Pine Street, New York 5, N.Y.

Dividend No. 47
on Common Stock

A regular quarterly dividend of 40¢ per share has been declared, payable September 21, 1953, to holders of record at the close of business on August 28, 1953 on the Common Stock of Atlas Corporation.

WALTER A. PETERSON, *Treasurer*
July 30, 1953.

AMERICAN-Standard

PREFERRED DIVIDEND
COMMON DIVIDEND

A quarterly dividend of $1.75 per share on the Preferred Stock has been declared, payable September 1, 1953 to stockholders of record at the close of business on August 25, 1953.

A dividend of 25 cents per share on the Common Stock has been declared, payable September 24, 1953 to stockholders of record at the close of business on September 3, 1953.

AMERICAN RADIATOR & STANDARD SANITARY CORPORATION
JOHN E. KING
Vice President and Treasurer

THE FLINTKOTE COMPANY

30 ROCKEFELLER PLAZA — FLINTKOTE PROTECTION — NEW YORK 20, N. Y.

A quarterly dividend of $1.00 per share has been declared on the $4 Cumulative Preferred Stock payable September 15, 1953 to stockholders of record at the close of business September 1, 1953.

A quarterly dividend of $.50 per share has been declared on the Common Stock payable September 10, 1953, to stockholders of record at the close of business August 27, 1953.

CLIFTON W. GREGG,
Vice-President and Treasurer
August 5, 1953

DIVIDEND NOTICES

HARBISON-WALKER REFRACTORIES COMPANY

Pittsburgh — Pennsylvania

July 30, 1953

Board of Directors has declared for quarter ending September 30, 1953 DIVIDEND of ONE and ONE-HALF (1½%) PER CENT or $1.50 per share on PREFERRED STOCK, payable October 20, 1953 to shareholders of record October 6, 1953. Also declared a DIVIDEND of FIFTY CENTS per share on COMMON STOCK, payable September 1, 1953 to shareholders of record August 10, 1953.

G. F. CRONMILLER, Jr.
Vice President and Secretary

Berkshire FINE SPINNING ASSOCIATES INC.

The Board of Directors of the Berkshire Fine Spinning Associates, Inc. has declared a dividend of 25 cents per share on the Common Stock, payable September 1, 1953 to stockholders of record August 10, 1953.

MALCOLM G. CHACE, JR.
July 30, 1953 — *President*

EATON MANUFACTURING COMPANY
Cleveland 10, Ohio

DIVIDEND NO. 125

The Board of Directors of Eaton Manufacturing Company has declared a dividend of Fifty Cents (50¢) per share on the common shares of the Company, payable August 25, 1953, to shareholders of record at the close of business August 5, 1953.

H. C. STUESSY, *Secretary*
Declared on July 24, 1953

EATON MANUFACTURING COMPANY
Cleveland 10, Ohio

EXTRA DIVIDEND
(DIVIDEND No. 126)

The Board of Directors of Eaton Manufacturing Company has declared an extra dividend of Fifty Cents (50¢) per share on the common shares of the Company, payable August 25, 1953, to shareholders of record at the close of business August 5, 1953.

H. C. STUESSY, *Secretary*
Declared on July 24, 1953

IOWA SOUTHERN UTILITIES COMPANY

PUBLIC I.S.U.Co. SERVICE

DIVIDEND NOTICE

The Board of Directors has declared the following regular quarterly dividends:

35⅝ cents per share on its 4¾% Preferred Stock ($30 par)

44 cents per share on its $1.76 Conv. Preferred Stock ($30 par)

30 cents per share on its Common Stock ($15 par)

all dividends payable September 1, 1953, to stockholders of record August 14, 1953.

EDWARD L. SHUTTS,
July 30, 1953 — *President.*

DIVIDEND NOTICES

LION OIL COMPANY

A regular quarterly dividend of 50¢ per share has been declared on the Capital Stock of this Company, payable September 16, 1953, to stockholders of record August 29, 1953. The stock transfer books will remain open.

E. W. ATKINSON, *Treasurer*
August 3, 1953.

TECHNICAL OIL FIELD SERVICES
LANE-WELLS COMPANY

Dividend No. 65

The Directors have declared a quarterly dividend of 40 cents on the common stock, payable September 15, 1953, to stockholders of record August 19, 1953.

WILLIAM A. MILLER
Secretary-Treasurer

LYNCH DIVIDEND No. 103

25c a share payable on SEPT. 10, 1953 to shareholders of record on AUG. 25, 1953

John M. Given
SECRETARY

Dividends for 25 Consecutive Years

LYNCH CORPORATION ANDERSON, IND.

Pullman Incorporated

87th Consecutive Year of Quarterly Cash Dividends paid by Pullman Incorporated and predecessor companies

A regular quarterly dividend of seventy five cents (75¢) per share will be paid on September 14, 1953, to stockholders of record August 20, 1953.

CHAMP CARRY
President

PULLMAN-STANDARD CAR MANUFACTURING CO. — Built by Pullman Standard — M. W. KELLOGG — TRAILMOBILE

DIVIDEND NOTICES

PEPPERELL FABRICS — PEPPERELL MANUFACTURING COMPANY

Boston, July 30, 1953

A regular quarterly dividend of Seventy-five Cents (75¢) and a year-end extra dividend of One Dollar and Fifty Cents ($1.50) per share have been declared payable August 15, 1953, to stockholders of record at the close of business August 8, 1953.

Checks will be mailed by the Old Colony Trust Company of Boston, Dividend Disbursing Agents.

PAUL E. CROCKER, *Secretary*
160 State Street, Boston, Mass.

PHELPS DODGE CORPORATION

The Board of Directors has declared a quarterly dividend of Sixty-five Cents (65¢) per share on the capital stock of this Corporation, payable September 10, 1953 to stockholders of record August 13, 1953.

M. W. URQUHART,
Treasurer.

July 29, 1953

pf PACIFIC FINANCE CORPORATION

DIVIDEND NOTICE

A regular quarterly dividend of 50 cents per share on the common stock ($10 par value), payable Sept. 1, 1953, to stockholders of record August 15, 1953, was declared by the Board of Directors on July 29, 1953.

B. C. Reynolds
B. C. REYNOLDS, *Secretary*

DIVIDEND NOTICES

TITLE GUARANTEE and Trust Company

DIVIDEND NOTICE

Trustees of Title Guarantee and Trust Company have declared a dividend of 30 cents per share designated as the third regular quarter-annual dividend for 1953 payable on August 27, 1953 to stockholders of record August 13, 1953.

William H. Deatly • *President*

Esso

STANDARD OIL COMPANY
(INCORPORATED IN NEW JERSEY)

The Board of Directors have declared a Cash Dividend on the capital stock of $1.00 per share on July 30, 1953. Of this dividend 75 cents per share was designated as regular and 25 cents per share as extra, payable on September 11, 1953, to stockholders of record at the close of business on August 10, 1953.

30 Rockefeller Plaza, New York 20, N. Y.

TEXACO

THE TEXAS COMPANY

—204th—
Consecutive Dividend

A regular quarterly dividend of seventy-five cents (75¢) per share on the Capital Stock of the Company has been declared this day, payable on September 10, 1953, to stockholders of record at the close of business on August 7, 1953.

The stock transfer books will remain open.

ROBERT FISHER
July 31, 1953 — *Treasurer*

Common and Preferred DIVIDEND NOTICE

July 29, 1953

The Board of Directors of the Company has declared the following regular quarterly dividend, all payable on Sept. 1, 1953, to stockholders of record at the close of business Aug. 7, 1953.

Security	*Amount per Share*
Preferred Stock, 5.50% First Preferred Series.	$1.37½
Preferred Stock, 4.75% Convertible Series....	$1.18¾
Preferred Stock, 4.50% Convertible Series....	$1.12½
Common Stock	$0.25

J. B. Shugrove
Secretary

TEXAS EASTERN *Transmission Corporation*
SHREVEPORT — LOUISIANA

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—Senator Taft's passing is seen on Capitol Hill as having two extremely significant, if intangible long range influences upon the national political scene.

First of these, as the late Senator's colleagues see it, is that President Eisenhower has lost a lieutenant for whom there simply is no adequate replacement.

Senator Taft was basically a thorough-going conservative who made as few compromises with the left as was necessary to maintain the "going concern" character of his leadership. And once he accepted a compromise, as with public housing, he stuck to it to the very end, and never sought for an opening in which to renege.

Besides the late Senator's tremendous ability, prodigious capacity to absorb and retain vast amounts of information about innumerable public problems, and his universal reputation for integrity, he raised his stature immensely by his conduct as Senate Majority Leader following his defeat for the GOP presidential nomination in 1952.

Many of Taft's admirers wondered why he seemed willing to go so far away from his personal views and so far to accommodate the views of President Eisenhower. The accepted explanation is that Mr. Taft understood the nature of the new Administration's problems of dealing with Congress.

Recognized Political Problem

Mr. Taft recognized that Mr. Eisenhower was surrounded by personal aides who leaned considerably toward internationalism and a definite "liberalism," even if less distasteful to Republicans that "Truman liberalism." Mr. Taft knew that a great solid layer of his party was skeptical of the vast foreign commitments Mr. Eisenhower was willing to embrace, and probably some parts of Mr. Eisenhower's domestic program as well.

Mr. Taft was able to comprehend this problem despite the fact that his personal convictions were more to the right and at considerable variance with those of the new Administration. Mr. Taft figured out that the nature of political life was that considerable and heart-breaking compromise was unavoidable, and he dedicated himself toward reaching those working compromises and gave this objective paramount consideration over his own convictions about specific public issues.

Yet at the same time, Mr. Taft sort of "drew a line" beyond which he thought compromise with spending and taxing and yielding to NATO allies was not expedient if the slender GOP majority was to hold together reasonably well and there developed a tolerable relationship between the White House and Congress, and among the diverse groups within the Republican party.

Thus, it is well known that within the closed doors of the White House, Mr. Taft, when he felt that Mr. Eisenhower was going too far in any one direction, did not hesitate with a bluntness and a forcefulness which he of few persons possessed, to lay his views on the line before the President and his aides.

Ike Fails to Recognize

In the view of most Republicans, on the other hand, President Eisenhower has simply failed to recognize the work-a-day problem of successful relationships with a Congress of divided views and the slenderest party majority.

The President has been "sold" that the idea that a President is supposed to be either omnipotent or omniscient is all wrong, and he satisfies Congressmen that he means to get along with them.

On the other hand, the President continues, if unconsciously, to follow to some degree, if moderate by comparison with FDR and Truman, the pattern of the last two decades, that he must be a "strong President," that a "strong President" must exert his utmost power to achieve his views in legislation, and that Congress is to be called in after the President has reached a decision, and not as a rule before. The current fiasco on the debt limit, reported below, is an excellent illustration.

Taft Welded

While Mr. Taft could never seem to get the President to consult much before he committed himself to a spending or taxing or other legislative program, Mr. Taft was nonetheless an effective legislative lieutenant. He was effective because he convinced all Republicans of his paramount interest in the party and the Administration. Since it was known that when occasion demanded, he would speak up to the President, he was far more effective in persuading those who shared his own personal convictions to go along with the White House.

It is believed that there is no man with political vigor, experience, and adequate prestige to perform this function which Senator Taft has taken with him to the grave. Mr. Eisenhower hence has lost his best lieutenant on Capitol Hill.

Was Conservative Leader

Furthermore, it is pointed out, —and it is no paradox—Mr. Taft was the most effective leader of the budget-balancing, tax-cutting, conservative right wing of the Republican party. His effectiveness as a conservative was increased by the very fact that he dedicated himself, not to operating solely as the leader of the conservative members of his party, but to "keeping things in the road," as it were, for the Eisenhower Administration.

Mr. Taft could, as it were, "draw the line" at the White House, and yet come back and sell a distasteful (to conservatives) compromise.

Debt Limit Irks

If there is anything universal about a sentiment in Congress among all men of all parties, it is the extreme disgust toward the idea of bringing in the debt limit boost the day before the scheduled adjournment of Congress.

Congress is not merely irritated with the fact that even if Senator Taft had not died, this fouled up its adjournment schedule.

Congress's real ire is that the request for the debt limit boost was simply the last in a series of actions illustrating the Eisenhower policy, especially as to fiscal problems, of "telling 'em nothing until you are ready for 'em to act."

Some time early in the game the Eisenhower Administration made the decision, but did not advise Congressional leaders, to remain in the world-saving business on a scale in dollars equal to Truman spending for the objectives bound up therein.

Once this decision was reached, it followed automatically that the budget for fiscal '54 would be heavily unbalanced, that in the course of time the debt limit would have to be increased, that tax relief would be limited to expiration of levies according to the schedule enacted by the Democratic Congress in 1951. It even meant—what is not yet appreciated, that 1954 "tax revision" must involve new and unpopular taxes whether or not "revision" adjusts some of the inequities in tax laws if an effort is made to approach a balanced budget. It also followed that a balancing of the budget by fiscal 1955 or even 1956 is in considerable jeopardy.

This decision probably was made early in the Eisenhower Administration. At least Senators as long ago as Feb. 24 came out of the executive hearings of the Banking Committee on Senator Capehart's proposal for for standby controls, to report that Joseph M. Dodge, Budget Director, and Treasury Secretary Humphrey didn't think it would be possible to balance the budget in '54 and perhaps not for two or three years more. These gentlemen refused even to deny this privately.

The total fiscal picture was partially illuminated April 29 when Mr. Eisenhower proposed a cut of only $8.5 billions in new appropriations, and was made certain May 20 when Mr. Eisenhower, in his tax message, estimated '54 expenditures at $74.1 billions, an estimate which Mr. Humphrey today will not revise.

(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

"That first man is carrying in the script for the play— the second one is carrying in the commercial!"

Joins B. C. Morton

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Wright N. Bell has become affiliated with B. C. Morton & Co., Penobscot Building. He was previously with Goodbody & Co.

With A. C. Allyn & Co.

(Special to THE FINANCIAL CHRONICLE)

GRAND RAPIDS, Mich.—Herbert E. Johnson has become associated with A. C. Allyn & Company, Inc. He was formerly with White, Noble & Co.

Joins Central Republic

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb. — William T. Martin has become connected with Central Republic Company, Farnam Building. He was formerly with Chiles, Huey, Schutz Co.

Economic Conditions in Scandinavian and Mediterranean Areas

Woodruff J. Emlen of the Foreign Department of the Girard Trust Corn Exchange Bank, Philadelphia, gives impressions gained on a business trip.

Woodruff J. Emlen, Foreign Department representative of Girard Trust Corn Exchange Bank, Philadelphia, returned recently from a business trip to Scandinavian and Mediterranean countries, describes conditions there as spotty. He cites, for example, bumper crops in Denmark, while Norway and Finland are being pinched by severe drops in world prices for their pulp and paper. Today Finland has no choice but to sell some products to Russia, which will pay prices high enough to cover Finnish production costs.

Woodruff J. Emlen

Hydro-electric power development, Mr. Emlen reports, is beginning to bring undreamed-of benefits to some countries, notably Portugal and Norway and will progressively help to raise their standards of living, making better markets for consumer products.

The reaction among Italian businessmen to the disappointing vote for de Gasperi in the recent elections, he found, was not a feeling that the Communists had made a definite gain, but a fear that central coalitions, as in France, will now be more difficult and shaky.

Mr. Emlen found everywhere a feeling that a further lowering of America's trade barriers would benefit not only the free world, but America herself.

Woodworth Pres. of Mass. Hospital Life

BOSTON, Mass.—Massachusetts Hospital Life Insurance Company, trustee for Massachusetts Life Fund, announces the election of Kennard Woodworth as President and director.

Westheimer Co. Adds

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio—Francis V. Pettit is now connected with Westheimer & Co., 30 East Broad Street.