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EDITORIAL

As We See It

The President's appeal—or should we say directive—from Denver last week to all government departments and agencies in behalf of further and more vigorous effort to reduce Federal outlays not only during the current fiscal year but in the next (and by implication in the next and the next and the next) has been well publicized. Somewhat the same thing can be said of the Dodge communication in the same vein, although probably this document has not had the attention it really deserves in view of its greater particularity in certain directions and the fact that it obviously has full Presidential approval.

It was Mr. Dodge, Director of the Budget, who pointedly asserted that the time had come not only for the utmost endeavor to do what is being done with the minimum of cost, but also—and even more important—to reconsider what among the almost infinitude of tasks the Federal Government now undertakes it should continue to do and what it should discontinue forthwith. It was also this same gentleman who called attention to the widespread use of the highly doubtful procedure of the continuing appropriations which so effectively hampers efforts of Congress to make prompt reduction in outlays even when convinced that certain programs should not have been started.

Here are two documents which really go to the heart of the task the Federal Government still faces. They point to what is probably the toughest assignment which Congress and the Administration must face after the turn of the year. It is true as Senator Bridges and the others have been saying that the Administration—some-

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What About the Gold Standard!

By ROBERT T. PATTERSON, PH. D.
Lecturer in Financial History, New York University

Dr. Patterson points out there is real reason for concern regarding our currency, since the absence of a requirement that it be redeemed into something valuable, gives opportunity to government to pump into circulation as much as it pleases. Describes requirements of the Gold Standard, and holds our gold reserve is sufficient to sustain this standard. Says gold is the people's money and "there is no valid argument for further delay in returning to the gold standard."

We have gone a long way down the path of poor money since 1933 when the United States abandoned the gold standard. Since then the inflation of our currency has progressed, gradually at first and later more rapidly, pushing prices further and further upward. Prices are now twice what they were in 1940. The purchasing power of the dollar has been cut in half.

Robert T. Patterson

The money supply is now so enormous that a mere incident could set off an explosive rise in prices. Since 1940 currency in circulation has increased from \$8 billion to \$29 billion, and bank deposits—which are simply another form of currency—have increased from \$63 billion to \$167 billion.

A loss of confidence in the future value of the dollar would increase people's desire to hold goods and property in preference to money. This could start a flight from our irredeemable paper money that could become all but uncontrollable.

The inflation is due to the failure of the government to balance its budget at reasonable intervals. In the past 22 years the budget has been balanced only three times.

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Outlook for Business And Investment

By HARRY D. COMER*
Partner, Paine, Webber, Jackson & Curtis
Members of the New York Stock Exchange

Stock market analyst condemns theory "business is so good it can't get better," and contends that, with the current relatively low market, stocks are in a position to rise, even if general business activity falls off toward year's end. Discusses business outlook, and cities factors which can influence coming business trends. Says confidence factor is key to stock market, and points to present high yields on good industrials as evidence of a present conservative market situation.

There is a popular fallacy that holds "Business is so good it can't get *better;* it can only change for the *worse.*" "*Therefore,* the stock market must go *down.*"

In this talk I shall try to demonstrate why I think this widely advertised notion is erroneous. In sum, the first assumption is much like telling you that because you are now in good health the only thing that can happen is for you to get sick. The conclusions are fallacious because they overlook two basic facts. (1) Business is so good now that a moderate recession in total production could occur, and yet at the bottom of it, we would still be having a real boom, measured by past standards. (2) Most of the time since 1939 the stock market has swung opposite to business. These factors are still out of gear—with the

Harry D. Comer

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*An address by Mr. Comer before the executive group of the J. Henry Helser Organization, San Francisco, Calif., Aug. 17, 1953.

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 30.

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.)

JOHN P. MURRAY

Investment Counsel, Boston, Mass.

New Jersey Zinc

Close to 30 years' experience as an investment adviser tends to make one increasingly orthodox in approaching investment problems. One result has been a desire whenever making purchases to try and buy stocks close to depression prices. It is on that basis that New Jersey Zinc strikes me as a suitable candidate of the "Security I Like Best Forum." This company is the second largest producer of zinc products in the country. Its principal products are zinc oxide, zinc sulphide pigments, slab zinc, rolled zinc, zinc alloys, etc., which largely go into consumer type industries—rather than the more volatile and cyclical heavy industries.

John P. Murray

The company is also engaged, in partnership with Kennecott Copper, in the development of a substantial titanium-iron ore deposit in the Allard Lake region of Quebec, Canada. Kennecott holds two-thirds of the stock of Quebec Iron & Titanium Corp. and New Jersey Zinc one-third. The total investment at the close of 1952 was in excess of $44 million.

This is the largest known deposit in the world of easily accessible ilmenite ore, with millions of tons of the ore on the surface, meaning simple low cost excavation.

The demand for titanium as a pigment has grown extremely rapid in recent years and it is substantially displacing white lead in the manufacture of paints. In 1925, titanium dioxide accounted for only 0.6% of white pigment production but for 1945 accounted for 49.5% of such total white pigment production in this country.

In addition, and more important from a longer range standpoint, experiments now underway point to successful large-scale production of titanium in metal form. It combines the best qualities of steel and aluminum, being 40% lighter than iron and only 60% heavier than aluminum. In cold-worked form, it is more than twice as strong as iron and almost six times as strong as aluminum.

New Jersey Zinc, with its small capitalization, consisting solely of 1,960,000 shares of common stock, seems an excellent vehicle in which to participate in this development, bearing in mind that Kennecott has outstanding 10,821,653 shares of stock. In effect, one share of New Jersey Zinc carries 2¾ times as large an interest in this titanium development as one share of Kennecott Copper.

Earnings of this company have been quite consistent over the years. During the war years, when excess profits taxation restricted earnings, the company showed results approximating $3.00 a share for each year. In 1952, $6.15 a share was reported but out of net earnings of $15,660,000 before provison for Federal taxes, $5,239,000 represented proceeds from sale of patents and profit on sales of securities. After taxes, consolidated net earnings amounted to $12,060,000. In 1951, $5.06 a share was reported and in 1950, $5.11 a share.

The balance sheet, as of Dec. 31, 1952, showed cash and U. S. Government securities alone in excess of total current liabilities, while total current assets of $37,985,000 were more than four times total current liabilities of $8,351,000. Stated net working capital was equal to $15.12 a share on the common stock, while in addition U. S. Treasury and other marketable securities, carried separately, were equal to another $13.55 a share, making a total of $28.67 a share in effect representing working capital.

The company has an excellent dividend record, having paid some dividend in each year since 1883. In terms of the present stock, and going back as far as 1915, the lowest dividend paid was equal to $2.00 a share. From 1943 to 1946 inclusive, $3.00 was paid in each year, while in 1947 payments totaled $4.50 and in 1948, $4.25 a share. In 1949, divdends amounted to only $2.75 a share, but in each of the past three years have totaled $3.00 a share, which is the current rate.

The stock has fluctuated widely frequently, reflecting changes in the price of zinc.

The following will show the broad fluctuations—not always traceable to earnings—seen in this stock since 1937.

	Highs	Lows
Mar., 1937	94⅞	--
Mar., 1938	--	45½
Oct., 1939	76	--
May, 1940	--	49
Feb., 1946	81¾	--
June, 1950	--	49
Oct., 1951	83¾	--

The company is aggressive and interested in developing new properties and processes as evidenced by the fact that last year expenses for exploration, mine development, research and experiments totaled $5,220,000, or $2.66 a share in terms of the common stock, or an increase of $1.25 a share over similar expenditures made in 1951.

From a longer range standpoint, this stock, now selling below 50 on the American Stock Exchange, would seem to hold promise of substantial development through its interest—sizable on a per share basis—in the development of titanium along with Kennecott Copper, in addition to its normal and usually profitable operations.

ALLEN M. STEINER

Woolfolk & Shober, New Orleans Louisiana

Gerber Products Company

When I say why I like something, years of conditioning by hucksters bring to mind. "Say in 25 words or less, 'I Like XXX because . . .'" That can't be done here, but I do believe I could give 25 reasons that make Gerber Products Company common stock an outstanding investment for a substantial capital gain with minimum risk.

Allen M. Steiner

Gerber is, and always has been, the largest baby foods company. The firm dates back to 1901 in the canning industry; to 1928 in canned baby foods, when Mrs. Dan Gerber started a new industry after she had her husband prepare and can foods for their own baby; to 1942, when it discontinued all products other than baby foods and adopted the well-known slogan, "Babies are our Business—Our Only Business!" The "Gerber Baby," seen on all labels, is the winning sketch of Dorothy Hope Smith, submitted to the company in a contest in the early 1930's.

Gerber supervises every step along the road, from soil chemistry to consumer. Even supervised is the growing of the seed that grows the produce that eventually winds up in Junior's tummy. Other leaderships in the industry include: Liaison men to the medical profession; largest baby foods plant in the world, in Oakland; filtered air in all processing plants; constant research for new products; Gerber Baby Foods Fund, a foundation contributing to organizations concerned with child health and nutrition. Incidentally, Gerber packs more pears than the output of all other pear canners in the world combined.

Through the years, without exception, sales, number of shareholders, shareholders' equity, and gross earnings have soared. Net earnings would show the same steady advance were it not for the excess profits tax of the past three years. Even so, net earnings have been excellent, and when the EPT goes to the grave where it belongs, come Jan. 1, 1954, they should increase by about $1.50 per share over the net $4.69 for the past fiscal year. Sales (as usual) are up 30% over last year, and this will also contribute to earnings. Overseas markets are increasing rapidly.

Major plant expansions and other capital expenditures have been completed, so it appears that stockholders should share before long in the excess of net earnings over the current annual dividend rate of $2 a share. Authorized common stands at 2,000,000 shares, and outstanding are 653,393 shares. Stock dividends were paid in 1942, 1944, and 1948. It is reasonable to calculate that a 200% stock dividend could, and should be paid. If the new shares paid a conservative $1.20 annually, a yield of 6% would place the share price at $20. This stock dividend could be reasonably accomplished about the close of the company's fiscal year, March 31. 1954.

To conclude, excellent management, distribution, advertising, research, financial condition, earnings, past record, present record, national birthrate, leadership, and future outlook all point to two things we like—minimum risk and capital gains.

This Week's Forum Participants and Their Selections

New Jersey Zinc Company—John P. Murray, Investment Counsel, Boston, Mass. (Page 2)

Gerber Products Company—Allen M. Steiner, Woolfolk & Shober, New Orleans, La. (Page 2)

Edward E. Chase William Tudor Gardiner

Edward E. Chase, President of Main Securities Company, Portland, Me., and William Tudor Gardiner, Chairman of Incorporated Investors, Boston, were killed Aug. 2 in the crash of a private plane.

With Akin Lambert Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—S. Albert Ackerman has become associated with Akin-Lambert Co., Inc., 639 South Spring Street, members of the Los Angeles and San Francisco Stock Exchanges. In the past he was in the investment business in Chicago.

Further Reactions to Robertson's "Inside View of United Nations"

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, July 30, Aug. 6, and Aug. 13.

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.

JOSEPH G. HARRISON
Overseas News Editor
"The Christian Science Monitor," Boston, Mass.

Mr. Robertson ends his article with the Biblical quotation: "Do men gather grapes of thorns, or figs of thistles?" May I begin my reply with a Scriptural quotation (Isaiah 28:10): "For precept must be upon precept, precept upon precept; line upon line, line upon line; here a little, there a little"; In other words, it is our feeling that it is illogical and unhelpful to expect too much of so young an organization at so early a date. World cooperation is a very new and very tender plant. During the past eight years it has been exposed to some very hot rays and we should not be surprised if it has not wilted a little. But we believe that this is all the more reason to nurture and strengthen the plant rather than to permit it to perish.


Joseph G. Harrison

After all, if I may be permitted to continue in the Biblical vein, if a man has a single fruit tree upon which his livelihood depends, and if the fruit tree shows signs of wilt or blight, he does not therefore chop down the tree but rather prunes and tends it. I feel that it is the same with the United Nations; imperfect as it may be and as faulty as the Security Council may have shown itself to be, nonetheless, they constitute, in our opinion, one of the great hopes of the world which we should be derelict to abandon.

G. WRIGHT REESE
President, The Citizens & Peoples National Bank of Pensacola, Fla.

"An Inside View of The United Nations" by William A. Robertson is a most informative article and its issuance timely!

This summary of the governments of the nations now composing the Security Council is a telling argument and should convince anyone that the United Nations organization will bring little good to the United States.

I believe that the citizens are becoming more and more aware of the dangers inherent in the philosophy of the United Nations and that soon our legislators will put restrictions upon the effect that this organization can have on our internal affairs.

HENRY H. HILL
President, George Peabody College for Teachers, Nashville, Tenn.

Mr. Robertson has produced an impressive recital of human and national weaknesses. Is the implication then that the United States should withdraw from the United Nations? Mr. Robertson could, I suppose, make the same kind of painstaking summary of the achievements of the United Nations and of the good points of other nations. Unilateral arguments may be quite convincing without being very helpful.


Dr. Henry H. Hill

If we are ever in the long history of mankind to have some kind of cooperation among nations, somewhat similar to that now practiced among States in the United States, then surely we have got to start, and the start may be that of a two-year-old learning to walk and later that of a robust and idealistic but not very well governed adolescent. I would hope that some of our children or children's children might live to see the day when there is possible some orderly world development which will render unnecessary the tremendous expenditures for armaments and war.

As one who is conscious of human weaknesses of individuals

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Profits, Not Without Gauze

By IRA U. COBLEIGH

Author of "Winning in Wall Street"

Unrolling a few current items about the two largest bandage makers, and their dividend coverage — Johnson & Johnson and the Kendall Company.

The recent flight of Rufus Hornbill over Wall Street, and his short pause (he couldn't get a co-maker!) at the Personal Loan Window of the Chase National Bank, were missed by this column due to absence on Cape Cod (mine, not the hornbill's). I hasten to correct this feathered omission and to suggest that this soaring Siamese turkey almost provided advertising for today's company selections. For, you see, if one of Rufus's would-be retrievers, had fallen on his puss during the pursuit, and sustained injury, he would doubtless have been soothed, swathed, and sterilized with double letter dressings by J and J, or B and B (for Bauer and Black, Kendall surgical subsidiary).

Ira U. Cobleigh

So, with this somewhat labored topical reference, let's move on to consider our two curative corporations with their wide repute for the manufacture of surgical dressings and many standard items for protecting your person, and emergency treatment if you don't. Just glance in your medicine cabinet at home and observe the array of tapes, cottons, gauzes, aid kits, plasters and tissues, such as are produced and distributed on a world-wide basis, by Johnson & Johnson, and its nearest competitor, Kendall Company.

Johnson & Johnson

Of the two, Johnson & Johnson is the larger and, in addition to being the biggest producer and distributor of surgical dressings, it turns out some 1,225 related products including "Yes" tissues, "Tek" toothbrushes, elastic bandages and supporters, floss and dental supplies, baby and other type powders, creams, and lotions. In addition to the time-honored adhesive tape, J & J also make Bondex tape for mending, Texcel and Permacel pressure-sensitive tapes, competitors of Scotch tape (and, as an interesting coincidence, note that J & J, and Minnesota Mining, creator of Scotch tape, are both expected to cross the $200 million sales milestone this year).

Thus you see here again, a company diversifying its output well beyond its traditional field, and applying research and plant expansion toward a sustained growth in profitability and net assets. Net sales have shown a steady march from $33 million in 1938 to $191.7 in 1952; and only one year (1949) failed to produce a larger sales total than the year that preceded it. Increases in net earnings have been a little more uneven since the company was held down, profit-wise, by price ceilings during the war. To illustrate, net income was $3 million in 1945, but in the next year, 1946, rose to over $8 million. The best year was 1950 with a net of $13,280,000.

Important in the progress of J & J has been its overseas subsidiaries. Company has plants in seven foreign countries, including Canada. These are carried on the balance sheet (1952 year end) at $5,236,000 but could easily be valued at $15 million today. Foreign sales are now over 20% of total.

Stock Dividend Possible

From the stockholders' viewpoint, it is important to know that very large blocks of the 2,093,308 common shares (listed NYSE) are reported to be closely-held and, as often occurs where the tax bracket of wealthy holders influences dividend policy, cash dividends have been most conservative (less than a third of net, on the average). Thus the buyer here should consider the heavy annual earnings plow-back, with corresponding build-up in book value. His extra reward may well come, as it has in the past, via the stock dividend route. There was a 100% stock dividend in 1947 and 5% dividends in 1948, 1949 and 1951. $1.40 is the indicated cash dividend rate. The common sells around 57 and is preceded only by $5½ million in loans and $2,320,000 par amount of $4 preferred.

A distinguished company with alert, progressive management JNJ common offers a sturdy investment value, and a 48-year unbroken record of payment of some dividend.

Kendall Company

Kendall Company, while next to JNJ in volume of surgical dressing production and sales, derives only about 40% of its gross from this source, and is more generally classified as a textile company. Viewed as a textile, its record during the 50 years of its corporate existence is way above average, and in particular its progress since the end of World War II may correctly be described as dynamic. Since 1945, sales have doubled; and followers of Kendall have been especially pleased at the 17% sales increase for the first 24 weeks of 1953, since the last half of the year is traditionally productive of better volume.

Best known to the public is probably the Bauer and Black division, which, from plants in Chicago and Rockford, Ill., and in South Bend, Ind., produces and distributes surgical dressings, bandages and gauze, elastic stockings and supporters, "Curity" adhesive tapes, "Curad" (a plastic bandage that stays on under water) and "Polyken," a pressure tape for office and industry.

In the textile end, 10 plants, seven in the North and South Carolinas, and three in New England, supply gray goods and finished goods such as curtain materials, sheetings, poplins, interlinings, print cloth, "tobacco" cloth (used to make surgical dressings) and "Curity" (trade name) diapers.

In view of the great labor upheavals and bitter strikes characteristic of the textile industry, particularly in the past 15 years, it is important to note the Kendall approach to labor economics. Welfare and pension arrangements, plus a satisfactory wage scale, have apparently operated here to maintain productivity, and to keep a labor force of some 8,000 on the job, with no strike stoppage for more than two years.

Kendall has not contented itself with turning out just a standard line of surgicals and textiles, but, in common with other progressive industrial companies, has gone in for research. As a result Kendall now offers "Perx," a synthetically produced hair cloth, "Webril," a non-woven fabric, "Clex," a new type interlining, and the plastic bandage "Curad," already mentioned.

By the end of this year, Kendall Company will have laid out $21 million in a postwar plant and equipment expansion program. Roughly 10% of this will be spent in 1953, financed entirely out of retained earnings and depreciation allowances.

Share Book Value at $43.25

At the 1952 year-end the Kendall Company balance sheet showed net working capital of $25½ million and a book value of $43.25 a share on the 800,000 common outstanding. Preferred stock ($3,684,000) and $3,300,000 funded debt lie ahead of this equity. For the past five years, cash dividends have ranged from $2.15 to $2.60, with $2.25 paid last year. With net of $3.13 earned per share for the 24 weeks ended 6/13-53 (against $1.86, same period, 1952) an optimistic viewpoint about this year's dividends is justified, and the current over-the-counter price of the common, 40, does not seem particularly inflated. There was a 2-for-1 split in 1948; and the shares today sell at about six times current earnings.

If Kendall Company were only a pharmaceutical instead of, basically, a textile, then a much more exalted price-earnings ratio would, no doubt, prevail. Even as it is, some rather solid qualities appear in its favor—management, research, sales moxie, and a balance sheet revealing solid solvency. And, if some day Kendall common advances smartly, and you kick yourself for not having bought some, you may then have need for a Blue Jay corn plaster —another Kendall product!

Whereas today's piece drifted off into a rather specialized and almost morbid field, depending as it does importantly on illness, accident or injury for its major sales, these gauze and bandage makers do provide vital products; they make them and sell them well, and profitably. They have not only solaced the ill and injured, but also have afforded considerable comfort to their stockholders through the years.

"Defensive Stock" Groups

By AUGUST HUBER

Market Analyst, Spencer Trask & Co.
Members, New York Stock Exchange

Defining "defensive stocks" as those less subject to broad cyclical economic influences, Mr. Huber points out market performance reflects a persistent demand for such issues. Says if general market trend remains satisfactory, a continued demand for such issues could lead to still higher levels or, at least, to good resistance in a downward trend.

The market performance of such relatively stable and "defensive" groups as Utilities, Tobaccos, Food Stores, etc., reflects a persistent investment demand for such issues. This demand appears to be prompted largely by: (1) Their defensive qualities under less favorable general business conditions; (2) Sales and pre-tax earnings should be well sustained, while (3) Excess Profits Taxes are scheduled to be eliminated next year, which should result in higher net earnings.

August Huber

These industries are less subject to broad cyclical economic influences—which normally characterize steel, heavy machinery, automobiles, building, etc.—and thus their sales, earnings, and dividends fluctuate to a markedly lesser degree. However, judging from past performance, it may be well to recognize that during major market declines, these "defensive" stocks have not been impervious to considerable market price diminution. While earnings and dividends may be comparatively well maintained, the shares, nevertheless, have experienced wide price declines in sympathy with a general market trend and a changed investment environment.

This is not to say that these "defensive" issues may not be attractive at the present time. If the general market trend remains satisfactory, a continued demand for such issues, on a yield basis, could be reflected in still higher market levels or they should display good resistance during interim market reactions.

The points to be made, as we see them, are these:

(1) Should the market move higher, many issues now currently depressed and in disfavor, could also do better marketwise for a period.

(2) The majority of the "defensive" type issues are currently at relatively high historical levels and many investors are acquiring these issues on the broad theory that both the economy and the market are headed for some degree of later slump. If this is the basic reason for buying these shares, it may be well to consider the record during past periods of major market declines:

Standard & Poor's Index of Stock Groups (1935-39=100)

COMPANIES—	1937 High	1938 Low	1940 High	1942 Low	1946 High	1947 Low
19 Utility Operating	136.4	69.3	110.9	54.2	132.6	94.9
5 Tobacco	115.6	73.3	100.7	45.2	105.1	76.0
6 Food Chain	120.0	47.5	120.8	77.2	248.6	160.1
28 Food	124.6	68.4	101.1	62.4	163.0	120.6
8 Variety Store Chain	131.0	70.4	90.3	52.8	156.9	113.3

	% Decline From 1937 High to 1938 Low	% Decline From 1940 High to 1942 Low	% Decline From 1946 High to 1947 Low
Utilities	49%	51%	28%
Tobaccos	36	55	27
Food Chains	60	35	35
Food Companies	45	39	26
Variety Chains	46	41	28

This brief memorandum is not a forecast of any kind. It comes under the guise chiefly, for those who may be interested, as "Food for Thought."

Merrill Lynch Adds

(Special to The Financial Chronicle)

OMAHA, Neb. — Timothy L. Slattery is with Merrill Lynch, Pierce, Fenner & Beane, Patterson Building.

With Paine, Webber Co.

(Special to The Financial Chronicle)

COLUMBUS, Ohio — Lenox H. Rand is now with Paine, Webber, Jackson & Curtis, Huntington Bank Building.

Joins Carl Mead Staff

(Special to The Financial Chronicle)

MARIETTA, Ohio — Robert B. Wylie has become affiliated with Carl F. Mead & Company, Peoples Bank Building.

Edwin Bird Wilson Dies

Wall Street Advertising Agency Executive Was 75 Years of Age

One of the "Street's" most highly regarded financial advertising experts, Edwin Bird Wilson, passed away at Lime Rock, Conn., age 75, at the home of his daughter, Mrs. Edwynna Labouchere. Mr. Wilson was born in Dunbar, Pa., and while a student at Princeton University, was college correspondent for several Philadelphia, Pittsburgh and Chicago newspapers.

Mr. Wilson founded the Princeton University Press Club and, after graduation in 1901, he became Advertising Manager of the Real Estate Trust Co. of Pittsburgh. From 1909 to 1916, Mr. Wilson was Advertising Manager of the Bankers Trust Co. of New York, later establishing the Edwin Bird Wilson Advertising Agency, 120 Wall Street, New York City, which specialized in distinctive bank advertising. Mr. Wilson bore quite a facial resemblance to ex-President Woodrow Wilson, and served in World War I in the 9th Coast Artillery Corps. He was President of the New York Financial Advertisers' Association, an honorary life member of the Financial Public Relations Association, and a member of the Downtown Association, Princeton Club and the Pilgrims.

David Doebler Opens

WELLSVILLE, N. Y.—David A. Doebler, Jr. is engaging in a securities business from offices at 165 Madison Avenue.

Nell & Craig Formed

Renee Nell and Samuel W. Craig are engaging in a securities business from offices at 410 West 24th Street, New York City.

The State of Trade and Industry

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

No appreciable change in over-all industrial production was reported for the period ended on Wednesday of last week. However, it is worthy of note that output continued to be moderately above the level of the like week a year earlier.

Despite scattered lay-offs in some lines, total claims for unemployment insurance benefits continued to be down discernibly from the level of a year ago.

With respect to the labor situation the United States Department of Labor announced this week that the supply of labor has become more plentiful in some of the nation's employment centers for the first time in a year and a half. In a survey of 182 areas, nine showed more available manpower in mid-June than a month earlier, it stated. Only five areas indicated shifts to a labor shortage. The easing of labor supplies occurred "in spite of continued employment gains in most of the surveyed areas," the agency added.

In the electirc light and power industry in the week ended Aug. 15, a further all-time high record was set at 8,513,782,000 kwh. The previous high record of 8,511,622,000 kwh. was registered in the period ended Aug. 1, last.

Steel buyers, who have waited a long time for the worm to turn, are getting ready to climb back into the drivers seat, states "The Iron Age," national metalworking weekly, this week. They are convinced, this trade weekly declares, that a buyers' market, if not already here, is just around the corner.

Actually, continues this trade publication, the shift in relationship between supply and demand has been going on all summer. It was gaining momentum the past two weeks before the Detroit Transmission fire disaster gave it an extra push. The pendulum will swing faster now. Within days you'll hear a lot of talk about the decline in steel business—as if the plague had just struck, it adds.

It won't really be that bad. A fourth quarter decline was expected. Mills are booked solid through October. A few are booked solid for the rest of the year on most major products. Others are having some trouble filling November and December, still a good many rolling days away, it states.

An "Iron Age" survey of steel buyers in major manufacturing areas across the nation shows a big change in their thinking from a few weeks ago:

(1) Feeling is almost general that they can now take a breather in their steel buying.

(2) Conversion and premium priced material are taboo, except in special cases.

(3) Inventories in a lot of plants are up to snuff, or nearly so: In a few instances inventory correction is taking place now.

(4) Some purchasing agents are held in check by top management decision to review their steel position in relation to business prospects. Buying policy is generally under careful scrutiny, and some changes are being made.

To steel producers handwriting on the walls has been signalling an easier market since May, though none could name the time it would arrive. Some customers were still beating on their doors for more tonnage, while it was scarcely noticed others had become still, concludes this trade authority.

In the automotive industry car output last week rose about 12% to 125,959 units from 112,491 in the preceding week, according to "Ward's Automotive Reports." In the like 1952 week only 22,776 were made, due to the steel strike. Last week's rise resulted for the return to production of Detroit area Chrysler plants, which had shut down for one week for inventory.

The current week car production is expected to turn sharply downward due to the destruction by fire a week ago of the General Motors transmission plant at Livonia, Mich.

So far this year according to "Wards," the industry has built 4,093,533 new cars, up 69% over the 2,416,445 in the like period of 1952. In all of last year the industry made about 4,300,000 new cars.

Commenting upon farm expenditures the United States Department of Commerce currently reports that farmers spent at least 10% less for new plant and equipment in the first half of this year than they did in the like 1952 period. The main reason for the dip was a 10% decrease in farm income, the department said. Farmers' income in the first half of 1953 was at an annual rate of $17,800,000,000, compared with $20,200,000,000 in the 1952 period.

New construction outlays in 1953 will hit a new high of $34,600,000,000, according to a revised estimate of the United States Departments of Commerce and Labor. The new total was $1,000,000,000 higher than a forecast made earlier this year.

A little more than half of this prospective increase has already been achieved, the agencies reported. Construction in the first half was valued at $16,000,000,000, compared with $14,800,000,000 in the 1952 months. In the second half of this year, outlays are expected to rise to $18,600,000,000, against $17,800,000,000 in the last six months of 1952.

Steel Output This Week Set at 96.3% of Capacity

One of the worst bottlenecks in the supply of steel is beginning to crack and it well may herald the return soon of a ready availability of most forms of steel, says "Steel," the weekly magazine of metalworking the current week.

The bottleneck now yielding is hot-rolled carbon steel bars, which are the most universally used form of steel, it states, adding

Continued on page 28

Intra-Allied Dissension By the East River

By A. WILFRED MAY

A. Wilfred May

UNITED NATIONS, NEW YORK—This special session of the General Assembly called to prepare the higher level political conference provided for in the Korean armistice is revealing the wide scope of its importance in at least three significant directions.

The goings-on at the coming days' sessions in this Political and Security Committee room will indicate the degree of success or failure of the subsequent Far Eastern Conference; they are highlighting the broadening schisms between the Allied democracies; and they are demonstrating the rising tide of the democracies' appeasement spirit.

All of these elements are overlapping. Our friends' war-weariness and kowtowing before the Russians are feeding the dissension, and in turn the dissension will darken the outlook for a satisfactory definitive Asiatic agreement. Thus, Soviet Delegate Vishinsky at the outset of the proceedings here, just before his proposal was promptly turned down, declared that an invitation to the Communist governments of China and North Korea would assure the later Conference's success, and vice versa.

Disintegration of the Democracies

The threat to the world's stability from dissension in the United Nations, which in the past was bad enough on an East-versus-West basis is now being progressively compounded by the mounting rifts between the West's own members—reflecting the widening anti-American feeling in all areas, as has been depicted in this space during our recent visit abroad.

Formerly in these halls the monolithic intransigeance, and indiscriminate and absurd broadsides issuing from the Kremlin's Gromyko, Malik, and Vishinsky team had the effect of solidifying the Western members against the lonely Soviet five-member bloc. But now Mr. Vishinsky, following the technique of his boss Mr. Malenkov and his fellow strategists of the Kremlin's Foreign Office in carrying on the lethal peace-mirage offensive, is exploiting every possible opportunity to aggravate the rapidly emerging intra-Allied sores.

And the United States for its part, has not neglected the opportunity for a mild retaliating gesture to re-needle the Russians on the forced labor issue; via the U. S. Mission's current circulation of a release repeating the charges and findings and asking for the General Assembly's full public debate on the matter. But whether many of our fellow-democracies will go along even to this extent in irritating Moscow, is problematical.

Attitude Toward India a Basic Issue

The question of issuing an invitation for India to the later Conference, is already revealed as an intra-Allied wedge, particularly, and most alarmingly, between Britain, France, and Canada on the one side, and the United States on the other. For the U. S. practically alone among the great powers will conduct the fight to keep India out. The British here, as at every opportunity, are pushing for general discussion and appeasement conferences; while the United States position, as explained by Mr. Lodge, is that for a settlement of the Korean war only the two sides concerned should be represented. The Soviet Union, he maintains, on the other hand wants the deliberations to be like the venerable Mother Hubbard garment, "covering everything, touching nothing." Also, of course, the past performance here by the Indians (while still behaving as the eager - beaver beneficiaries of our grain, etc., etc., etc.) has been nothing but a source of continuing embarrassment to us—with their sabotaging "compromise" resolutions at crucial moments (still another one being expected here momentarily).

Phony Neutrality

The present position of India and the West's divergent attitudes thereto typify both the essentials of the intra-U.N. rift, as well as the organization's stultification. In the words of Prime Minister Nehru "anxious to perform some useful function in the interest of peace," she, like the Russians, have held themselves out as "neutrals." In fact, following an amazing new concept in history, practically all the major powers in this Cold and Hot Wartorn world are more and more considering themselves *neutral*. Accordingly, we see the British actually beseeching the United States not to offend the Russians by venturing to imply that in the Korean War they were "on the other side" and not neutral. Surely this is the quintessence of absurdity, in the light of Mr. Vishinsky's frank admission to the Assembly earlier this year—with a proud "so what?"—that of course the Soviet was supplying munitions to Communist China, whom the UN had officially pronounced an aggressor!

Too bad for the United States that when the United Nations met at President Truman's hasty call at the outbreak of war in June, 1950, its members did not then, as now, declare their neutrality and refuse to "stand up to be counted"; instead of encouraging us to fight for them by forthrightly branding the Communist North Koreans as aggressors, and again later displaying the fortitude to call Red China an aggressor!

Appeasement in Reverse

In the words of the London "Economist," the only current instance of Allied solidarity is in their making of representations versus Washington, and the "Economist" in this week's leading editorial depicts the present antics of its fellow-Britishers thus:

"It is incredible that so soon after the 1930s, there are so many people who believe that a concessive diplomacy is more likely to secure peace than a firm and strong one.

"Moscow's hope was made very plain in Malenkov's speech. It is that with the solidifying pressure of immediate fear removed from them, the democracies will revert to their curious habit of putting their best possible construction on their enemies' intentions and the worst possible on their friends', and that this will eventually enable the Soviets to force a settlement on their own terms. The tactic is obvious and intelligent; the only puzzle is why so many people in this country seem anxious to fall in with it."

* * *

And today's observer at the United Nations is likewise puzzled, if not actually horrified!

W. H. Hitzelberger

W. H. Hitzelberger, 59, a Vice-President of the Republic National Bank of Dallas, and former Executive Vice-President and General Manager of the State Fair of Texas, died Aug. 15, 1953.

An outstanding Dallas business and civic leader, Mr. Hitzelberger headed the Bank's Industrial Department, and was in charge of construction, leasing and management of the Bank's new 40-story bank and office building (36 floors above, four below ground) now being built in downtown Dallas.

Forms Calif. Investors

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Stanley L. Ross has opened offices at 450 North Camden Drive to engage in a securities business. He was formerly a representative of Wildenberg-Ross & Co.

Favorable and Unfavorable Factors in Business Picture

By HARRY A. BULLIS*

Chairman of the Board, General Mills, Inc.

Prominent industrialist lists favorable and unfavorable factors in business outlook and concludes "it is possible that there may be a reduction from the present high plateau of economic activity, but at present there do not appear to be any signs of a drastic slump."

It seems to me that the favorable factors in the business picture are:

(1) While at present there is only a truce in Korea, the world may tend slowly in the direction of peace. As the transition continues orderly, it should permit constructive development in industry. With a trend toward peace our resources can be utilized more for the creation of wealth and less for unproductive, destructive material of war. In addition, production for civilian use entails better earning margins. Prosperity, with satisfactory profits and satisfactory real wages is more feasible under a peace economy than under a war economy. In any event, pending the outcome of political conferences, it appears unlikely that the truce will affect business to any material degree.

Harry A. Bullis

(2) Consumer disposable income is continuing at a very high rate. Likewise savings are at a high level. High savings mean accumulated purchasing power for the future.

(3) We still have full employment. Only 2½% of the civilian labor force is unemployed.

(4) The weekly index of wholesale commodity prices turned up during July. Prices of farm products showed improvement.

(5) Preliminary estimates of corporate profits by and large for the first half of 1953 are somewhat higher than for the first half of 1952. The recent earnings statements of corporations show no signs of a much-heralded recession.

(6) For the first half of this year new construction exceeded last year by about 8%. Business expenditures for plant and equipment in all major industry groups are above last year and are expected to maintain their pace through the third quarter. The additional facilities planned by certain industries such as electrical equipment, public utilities and the chemical and petroleum industries, are evidence of confidence in their ability to sell increased output.

*A statement by Mr. Bullis at the Annual Meeting of common stockholders of General Mills, Inc., Wilmington, Del., Aug. 18, 1953.

(7) Gross national product for the second quarter of 1953 was still rising. The index of industrial production reached a high point in March, receded slightly and leveled off for April, May and June. Government expenditures for national security increased during the second quarter, but other government expenditures leveled off. We may expect moderate reduction in defense expenditures, but government spending in various forms will be a large factor in production for some time to come. The need for public construction, principally highways and schools, is increasing.

(8) The removal of excess profits taxes and reduction of personal income taxes scheduled for Jan. 1, 1954, will ease the burden on business and give people more money to spend.

(9) Monetary controls have been relaxed and the outlook is for an adequate supply of credit in the future, according to the demands of the economy.

(10) In some areas of business, such as textiles and liquors, adjustments have been going on for the past two years. There has been pressure in many areas for improved management methods, and improved machinery and equipment to increase productivity. Declines will not come all at once in all lines.

Unfavorable Factors

There are some factors which are not so favorable:

(1) For the past two years prices of basic commodities have been declining, principally in farm products and basic metals. While farm prices will receive continued support next year, surpluses will be troublesome and acreage controls appear to be in the offing. The index of consumer prices has not yet reflected the declines in wholesale prices.

(2) There has been a tightening of money rates which undoubtedly has affected some lines of business.

(3) Installment debt is great. It reached a total of over $20 billion in May. This is largely the result of an upsurge in demand for consumers' durables. Some decline in the demand for consumer durable goods may occur.

(4) While there has been no substantial decline in home building, tighter credits and higher interest rates may lead to some curtailment in residential construction. Construction contract awards have begun to decline.

(5) The upward trend of industrial production has stopped and leveled out. Some decline may be expected from the high level of business expenditures for plant and equipment.

(6) The high production rate in the automobile industry will probably be reduced, with a resultant effect on steel output.

(7) Inventories have been rising during the past few months while sales do not show a commensurate increase. It is possible that accumulated inventories will have to be decreased.

(8) Reduction of expenditures by government for defense and foreign aid will necessitate continued adjustment in the economy.

(9) Competition will be keener than ever. Prices will undoubtedly become greater factors in competition.

(10) The political situation is uncertain, particularly in the field of foreign policy as it affects trade with foreign countries.

No Signs of Drastic Slump

It is possible that there may be a reduction from the present high plateau of economic activity, but at present there do not appear to be any signs of a drastic slump. There are any number of shock-absorbers, such as social security, unemployment insurance, pension funds, and especially the backlog of public projects. The present high consumer income warrants the thought of continued high domestic expenditures. Furthermore, there are great markets in the world awaiting an exchange of goods and services.

We do have in our country aggressive business leadership, high managerial morale, great natural resources, and that high rate of capital expenditure which produces a rising standard of living—something which all nations seek for their citizens.

Increasing competition is a good thing for everyone. It will require greater efficiency in production and it will lead to the development of new products and new models to increase sales.

From the business point of view, I believe the United States will continue strong and prosperous, with a dynamic economy. Our citizens, as in the past, will press forward with optimism and faith in the future. General Mills will share in that progress.

Frank Dunne Continues Sole Proprietor

Frank Dunne

Frank Dunne and J. William Kumm have announced the termination of the co-partnership of Dunne & Co. as of July 31. Mr. Dunne will continue his investment business as sole proprietor under the name of Dunne & Co. Offices are located at 25 Broad Street, New York City.

J. William Kumm With Coggeshall & Hicks

J. William Kumm has become associated with the firm of Coggeshall & Hicks, 111 Broadway, New York City, members of the New York Stock Exchange, to conduct an unlisted securities department. Mr. Kumm has been known for many years as a specialist in sugar securities. For the past nine years he has been a partner in Dunne & Co. and has taken an active part in the Security Traders Association of New York.

J. William Kumm

The Business Man And the Constitution

By ARTHUR A. BALLANTINE

Root, Ballantine, Harlan, Bushby and Palmer, Attorneys
Formerly Under Secretary of the Treasury

Prominent attorney, after reviewing Supreme Court decisions relating to the Constitutional powers of the Federal Government to tax, control and regulate business, points out, although businessman should continue to be thankful for the Constitution as providing framework of Federal Government, he must rely not on constitutional guarantees, but rather upon acceptance of his own doings and needs.

It was sometimes supposed that the Federal Constitution helpfully protected the businessman against extremes of the exercise of powers of the government. The recent decision of the Supreme Court in *Youngstown Sheet & Tube Co. v. Sawyer*, 343 U. S. 579 (1952) that the President could not seize the strike-bound steel industry rather confirmed that view. Actually the steel decision was not that the industry could not be seized by the Federal Government, but simply to the effect that seizure could not be made in absence of authorization by act of Congress. Under decisions of the Supreme Court of late it is clear that the Constitution builds no stockade around the businessman and that he must rely on his own conduct for protection against extremes of the exercise of governmental power.

Arthur A. Ballantine

The great public utility holding companies were in general lawfully built up, yet the Court had no hesitation in deciding that Congress, believing their existence against public interest, could require their dissolution notwithstanding the absence of any violation of law. (*American Power & Light Co. v. SEC*, 329 U. S. 90 (1946).)

In its efforts to stamp out child labor Congress was frustrated some years back by decisions of the Court that a special tax upon goods produced by child labor was invalid (*Bailey v. Drexel Furniture Co.*, 259 U. S. (1922)) —likewise the prohibition of commerce in such goods, they not being in themselves harmful (*Hammer v. Dagenhart*, 247 U. S. 251 (1918)). The latter decision has been since expressly overruled. (*United States v. Darby*, 312 U. S. 100, 116-117 (1941)).

The power of Congress over interstate commerce has been decided to be sufficient to support all manner of regulation as of wages and hours (*United States v. Darby*, supra; *Opp Cotton Mills v. Administrator*, 312 U. S. 126 (1941)) and the social security levies (*Stewart Machine Co. v. Davis*, 301 U. S. 548 (1937); *Helvering v. Davis*, 301 U. S. 619 (1937)). The due process clause of the 14th Amendment applying to the states was held not to restrain the states in most extensive regulation of business under their police power (*Nebbia v. New York*, 291 U. S. 502 (1934); *West Coast Hotel Co. v. Parrish*, 300 U. S. 379 (1937); *Carmichael v. Southern Coal Co.*, 301 U. S. 495 (1937)).

In the public utility field, gone are the days when the businessman could count on the Constitution's assuring him rates that would yield what he would regard as a fair return on his investment. That he was so assured against return eroding rates had been the conclusion of the Supreme Court back in 1898 in the decision of *Smyth v. Ames* (169 U. S. 466), long a landmark in constitutional law. That decision gave very broad effect to the clause of the 5th Amendment forbidding the taking of private property for public use without just compensation. The standard for just compensation was left somewhat misty in *Smyth v. Ames*, but in 1941 the decision of the Supreme Court in *Federal Power Commission v. Hope Natural Gas Co.* (320 U. S. 591) denied the necessity for any fixed standard for just compensation; all that the Court found necessary was that "the total effect of the rate order cannot be said to be unjust and unreasonable." Three of the Justices filed dissenting opinions in the *Hope* case and these may some day afford a ray of comfort to the businessman. Justice Frankfurter used the witty phrase that "it will little advance the public interest to substitute for the hodge-podge of the rule in *Smyth v. Ames*—169 U. S. 466, an encouragement of conscious obscurity or confusion in reaching a result, on the assumption that so long as the result appears harmless its basis is irrelevant."

It may be said that any exercise of the power of regulation is a minor matter as compared to the exercise of the taxing power.

The Federal income taxes on corporations now aggregate 52% and on top of that comes the excess profits tax, the exact amount depending on the application of rather complicated provisions. An additional high penal tax may apply if the corporation retains earnings beyond what is regarded as the reasonable needs of the business. In addition any amounts withdrawn from the corporation as dividends are subject in the return of the stockholder to individual income tax rates running up from the minimum rate of 22.2% beginning at the $1,000 bracket to the maximum of 92%. If the greater part of the fruits of corporate enterprise are to be taken by the government anyway, what does regulation matter?

No substance has been shown to the much quoted declaration of Justice Holmes that "the power to tax is not the power to destroy while this Court sits." (*Panhandle Oil Co. v. Mississippi*, 277 U. S. 218, dissent, p. 223 (1928)). As far as the decisions go, there is no limitation on the extent of the Federal taxing power. The declaration of Chief Justice Marshall that the power to tax is the power to destroy remains true.

The businessman should continue to be thankful for the Constitution as providing the framework of our Federal Government but for protection from extremes of governmental power he must rely not upon constitutional guarantees but upon public acceptance of his own doings and needs. The businessman of today operates behind no stockade and must face the Indians himself. For help the businessman must turn to the public relations counsel rather than to the constitutional lawyer.

Red Peril on the Wane!

By GEORGE KENNAN*
Former U. S. Ambassador to Russia

A foremost authority on Russia, predicting that revolution will eventually break out in Russia, cautions, however, against official American interference in Soviet internal affairs. Holds Soviet satellite empire has exposed real nature of Soviet power, and that Soviet ideas no longer have former strong attraction to the Western World. Sees a turn in tide of battle in Asia away from communism.

We have come together today to discuss a subject that has been much talked about in these recent years—so much talked about, in fact, that one is sometimes brought to wonder whether profit is really to be derived from its further discussion. The answer is, of course, that it is, provided discussion is honest and conscientious. For in the world of political realities, at least, expression is the indispensable discipline of thought. Without it, thought is certainly not useful, and it is a question to what extent it can be said to exist at all.

Yet one is still conscious of another danger involved in the sort of thing we are doing here: a danger flowing from the artificial forms into which we have to try to compress our reflections, and above all the inadequate and inexact titles by which we have no choice but to permit them to be tagged. I say this with no disrespect or lack of sympathy for the people whose unavoidable duty it is to select titles for academic conferences, rather the contrary. Where there is a conference, there must be a subject; and I bow to this necessity.

Yet our subject is an example of this danger. It suggests a well-defined phenomenon of external reality which we here are at liberty to examine with objectivity and detachment, from the further end—so to speak—of our learned microscope. But is it that?

"Soviet imperialism" means a thousand things: It means history; it means language and tradition and the folklore of thought; it means the combination, in unknown proportions, of natural law and chance; it means the mystery that stands between free will and predestination; it means, God knows, not only the motivation of people in Moscow but also the way the West has appeared to Moscow and influenced Moscow over the course of the ages; it means not only the elements of strength in Soviet society, but also the elements of weakness in our own; it means, among other things, ourselves, gathered here this morning, with all our inadequacies, with the limitations of our own vision, with the dangerous gap that exists between the unreality of our comfortable lives and the reality of the physical misery prevailing throughout so much of this world, with the abstruseness and practical sterility that so often mark the process of political thought in any sheltered and peaceful society.

No one can compress a rounded view of these things into a 50-minute dissertation. No one can do more than to flick the surface of this vast, multi-dimensional substance, the origins of which reach back hundreds of years into the past, and the ramifications of which permeate the entire life of our time. It is in just such a flicking of the surface that I am about to engage.

Russia in Retrospect

If we find it useful at the outset to discuss the subject of the Soviet Union and the non-Communist world in historical perspective, surely this is because we see the relationship between these two entities (if such they can be called) as one of tension and conflict, something darkening the life of our times, and because we are trying to understand this conflict in the light of history.

Perhaps this way of looking at things is itself somewhat inexact and misleading. There is probably no such thing as a "non-Communist world" in the sense of a group of national units endowed with sufficient generic characteristics to warrant treating them as a group. And large parts of the non-Communist world would not be subjectively aware of any community with other parts of it in relationship to the Soviet problem. But there is at least a conflict between the will of the men in the Kremlin and the wills of Western governments and peoples generally as to the shape that political realities should take. And as for the peoples outside of the Western community: for most of them, impulses transmitted from Moscow have become important elements in what we might call the topography of their political world. These facts, at least, can be examined in historical perspective.

External conflict, goodness knows, is nothing new in Russian history. Beginning national life as they did on an exposed plain with few natural barriers or defenses, with no older tradition of political legitimacy, faced with fierce and implacable nomadic enemies, the Russian people have had a national experience punctuated at every point with rivalry, conflict, and violence. The wars of Tsarist Russia, like those of most other continental powers were primarily with her immediate neighbors. The issue was normally the control of land area and of the human beings resident on it. In this long, painful process certain personal qualities of the Great Russians (not all of them attractive ones) combined with geographical circumstances and with the impact of external historical developments to enable the Great Russians to make themselves the center of a national state, to take into that state a number of other peoples of different national character, and to extend the power of this political entity to a point where it came to embrace the entire great plain running from the Baltic Sea, the slopes of the Carpathians and the mouths of the Danube, in the West, to the Altai mountains, and, further north, to the shores of the Pacific, in the East.

Continuous Conflict

Naturally, in a process as vast as this, conflict was always present. But this conflict was usually of a nature normal to the habits of the locale and the life of the times. Russia's wars were at no time dissimilar, in early centuries, to wars occurring simultaneously among other rulers and political entities. For her neighbors, Russia was a problem, as indeed the neighbors often were for her. For the remaining world, she was hardly more than a fabulous remote principality, from which travellers returned with lurid tales of the barbaric splendor of the court, the squalor and degradation of the people, the monotony of the landscape, and the rigors of the climate.

It is true that in these earlier times, particularly in the days of the Grand Duchy of Muscovy, many things were noted by foreign observers that seem now, in retrospect, to have had a certain prophetic tinge and to have presaged the conflict of our time. The importance and significance of these observations cannot be denied. Traits were indeed becoming visible in old Muscovy that were destined later to play an important part in the psychological composition of Soviet power. There was a tendency to a messianic concept of Russia's role in history; an intolerance of foreign outlooks and values; a pronounced xenophobia of Russian officialdom; an insistence on isolating the Russian people from foreign contact; a secretiveness and deviousness of diplomatic practice; a seeming inability to understand anything in the nature of a permanently peaceful and equal relationship between states: a tendency to view every treaty of peace as being in the nature of a provisional armistice, a tendency to think of conflict as the normal, peace as the provisional and abnormal.

All these things are of course striking, when measured against the habits of thought prevalent today in Moscow. Yet we must remember that many of these features of the early Russian outlook were more common in their own context of time and place than they are today. The tendency to universality of political aspiration, for example, was less startling in a time when the Byzantine Empire was only just disappearing and when the religious wars of the West had not yet reached their climax. What is really strange is not so much that the Grand Duchy of Muscovy should have shown the traits it did in the fifteenth to seventeenth centuries, but rather that a political regime of the twentieth century should have manifested so powerful an atavistic urge and groped so far back into a largely irrelevant past for its political habits and outlook.

In the intervening Petersburg era—the period of the eighteenth and nineteenth centuries when Russia began for the first time to emerge into the affairs of Europe in the capacity of a great power—there was less of this sort of thing. During this period it was primarily in the physical growth of the Russian state rather than in any peculiarities of the official Russian outlook that observant people began to sense the pattern of the future. True: certain of these peculiarities, reminiscent of old-Moscovite patterns and prophetic of Soviet ones, were not wholly absent during those centuries. Custine, visiting Russia under the reign of Nicolas I, at a time when these features were shining through with particular clarity, experienced a chill of terror at his prophetic vision of the eventual impact of Russia's massive despotism on the fragile decadence of Western Europe. "The eternal Oriental tyranny," he wrote, "menaces us incessantly, and we shall be subjected to it if our extravagances and our iniquities render us deserving of such chastisement."

It is further true that as the new Russian intelligentsia reacted with increasing sharpness and skepticism to the powerful Western influence under which much of Russian cultural life had developed in the eighteenth and nineteenth centuries, there was a return, particularly among the Slavophil philosophers and historians, to a sort of romantic repudiation of Western values, combined with a messianic belief in Russia's own destiny. What seemed to many Russian thinkers to be the decadence of the West—its dreary bourgeois narrowness of thought and behavior—stimulated this sense of repudiation. Is it our fault, asked the poet Blok rhetorically of his Western friends in a poem written at the time of the revolution, if some day "your skeleton will crunch in our heavy, tender paws?"[1]

East-West Relationships Today

But all these things, while faintly prophetic, were not yet really expressive of the East-West relationship as we know it today. This relationship is mainly the product of certain developments of the present century, some of which were, to be sure, of a coincidental nature, but most of which represented the final coming together of great historical movements, bound sooner or later to meet, to impinge on one another and to require mutual accommodation. Let us see what some of these things might be.

The first of these developments was certainly the rounding out of the expansion of the Russian state to a point where further expansion was practically impossible except at the price of conflict with some other great power. Hand in hand with this went the development of Russia into one of the world's major military and industrial powers. It is sometimes forgotten that this was a process well on the way to completion before the Revolution. In the 40 years prior to World War I, Russia had been the scene of a fairly stormy industrial development. It seems to me there is reason to suppose that had this process not been interrupted by wars and revolution, the normal workings of the free enterprise system would have produced by this time a level of industrial strength in the traditional Russian territory roughly comparable to what we have before us today.

The second of these great historical developments was World War I and its effects both in Russia and the West. So far as Russia is concerned, the outstanding effect was of course the capture of power throughout most of traditional Russia by a group of men led by Lenin and inspired by the

Continued on page 23

*Opening address of Mr. Kennan at the Conference on "The Problem of Soviet Imperialism," sponsored by the School of Advanced International Studies of the Johns Hopkins University, Baltimore, Md., Aug. 10, 1953. The proceedings of the Conference will be published in book form by the Johns Hopkins Press.

1 Aleksandr Blok. Polnoe Sochinenia. Publishing House Sovetski Pisatel. 1946. Poem: Skify (The Scythisms).

Dealer-Broker Investment Recommendations & Literature

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

Canadian Motion Picture Exhibitor — Report on leading exhibitor—Ross, Knowles & Co., 330 Bay Street, Toronto, Ont., Canada.

Electric Utility Company Common Stocks—Analysis—Goodbody & Co., 115 Broadway, New York 6, N. Y. Also available is a memorandum on **Bettinger Corp.**

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.

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.

* * *

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

American Phenolic Corporation — Analysis — May & Gannon, Inc., 161 Devonshire Street, Boston 10, Mass.

American Seating Company — Analysis in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue is a list of 40 selected popular priced stocks.

Arkansas Fuel Oil Corp. — Memorandum — Grimm & Co., 44 Wall Street, New York 6, N. Y. Also available is a memorandum on **East Tennessee Natural Gas Co.**

Blockson Chemical Co.—Memorandum—Emanuel, Deetjen & Co., 120 Broadway, New York 5, N. Y.

British American Oil Company Limited—Analysis—R. A. Daly & Co., 44 King Street West, Toronto 1, Ont., Can. Also available is a memorandum on **Standard Paving & Materials, Ltd.**

Brockton Taunton Gas Company—Progress report—J. G. White & Company, Inc., 37 Wall Street, New York 5, N. Y.

Carpenter Paper Co.—Memorandum—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Central Railroad of New Jersey—Analysis—Eastman, Dillon & Co., 15 Broad Street, New York 5, N. Y. Also in the same bulletin are analyses of **Florida East Coast Railway, Pittsburgh & Lake Erie Raidroad,** and **Wisconsin Central Railway.**

Circle Wire & Cable Corp.—Bulletin—de Witt Conklin Organization, 100 Broadway, New York 5, N. Y.

L. A. Darling — Data — Moreland & Co., Penobscot Building, Detroit 26, Mich.

Dominion Textile Co., Ltd.—Memorandum—G. E. Leslie & Co., Royal Bank Building, Montreal, Can. Also available is a memorandum on **Anacon Lead Mines, Ltd.**

General Aniline & Film Corp.—Memorandum—Blair Holdings Corp., 44 Wall Street, New York 4, N. Y.

I-T-E Circuit Breaker Company — Analysis — Gerstley, Sunstein & Co., 12 South Broad Street, Philadelphia 7, Pa.

Independent Telephone Companies — Analysis — G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y.

Inland Steel Company—Analysis—Weinress & Co., 231 South La Salle Street, Chicago 4, Ill.

Morinaga Confectionery—Brief analysis in current issue of "Weekly Stock Bulletin"—The Nikko Securities Co., Ltd., 4, 1-chome, Marumouchi, Chiyoda-ku, Tokyo, Japan. In the same issue are also brief analyses of **Meiji Biscuit and Confectionery** and **Canon Camera.**

Mount Vernon-Woodberry Mills, Inc. — Bulletin — Gartley & Associates, Inc., 68 William Street, New York 5, N. Y. Also available are bulletins on **Pfeiffer Brewing Company** and **Detroit Steel Corporation.**

New York, Chicago & St. Louis Railroad vs. Illinois Central Railroad—Bulletin No. 140—Smith, Barney & Co., 14 Wall Street, New York 5, N. Y.

New York State Electric & Gas Corp.—Analysis in current issue of "Report from Investors Service Department"—J. A. Hogle & Co., Attention Kenneth Howard, 50 Broadway, New York 4, N. Y.

Pacific Gas & Electric Co.-Pacific Lighting Corp.—Memorandum—David A. Noyes & Co., 208 South La Salle Street, Chicago 4, Ill.

Pennsylvania and Southern Gas Company—Analysis—R. M. Horner & Co., 52 Broadway, New York 4, N. Y.

Resort Airlines, Inc.—Report—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

Revere Copper & Brass, Inc.—Analysis—Van Alstyne, Noel & Co., 52 Wall Street, New York 5, N. Y.

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

San Diego Corp.—Memorandum—Dreyfus & Co., 50 Broadway, New York 4, N. Y.

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

Standard Fruit & Steamship Corp. (and subsidiary companies) —Analysis—T. J. Feibleman & Company, Richard Building Arcade, New Orleans 12, La.

Walt Disney Productions—Analysis—Daniel F. Rice & Company, 141 West Jackson Boulevard, Chicago 4, Ill.

NSTA Notes

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With our deadline fast approaching and after carefully planning a real campaign for advertising, with the marvelous cooperation of Mr. Herbert D. Seibert, Editor and Publisher of the "Commercial and Financial Chronicle" there are still some of our 50-odd Chairmen of the 31 affiliates, from whom we have not heard. Why not, then, give your Advertising Committee some aid by sending in a completed contract for a commercial ad?

My letter to the membership brought response from many and it was a real pleasure to hear from Dave Wallace of Henry B. Warner & Co., Inc., Philadelphia, that he may show results from his efforts. I want to acknowledge receipt of material and letters from Sid Sanders of Foster & Marshall, Seattle, who deserves a reward for his efforts—you have always been a successful worker on my committee, Sid.

K. I. M.

HAROLD B. SMITH, Chairman
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Securities Salesman's Corner

By JOHN DUTTON

Don't Push Me Away From YOU!

The other day I received a telephone call from a securities salesman who was trying to sell me some municipal bonds. I had answered an advertisement in the daily paper because I was sincerely interested in obtaining certain facts concerning an offering that looked attractive to me. Now I know how the other fellow feels when he is on the other end of the line—and I mean "line" both figuratively and literally.

Before I could hardly say "hello, what is it," this fellow was at it. He went into the merits of the bonds, he mentioned their short maturity, their attractive yield, and the fact that only a few thousand were still available. I let him roll it out. I couldn't have stopped him if I had tried. Remember, I had never met him before—although I had heard of his firm. As for me it was a good opportunity to gather some material for this week's column, because the more he pushed and the more he talked. It could not help but see just why this fellow would never sell me anything no matter how good it was.

Several times I tried to interrupt him and give him some idea of why I had inquired concerning the bonds that were advertised, but he was so interested in telling me how good they were that my situation (as to what I might have in mind) was never brought into the conversation at all. Finally he talked himself out. I kept quiet. Then he said, "how many of these bonds had you intended to buy?" I waited again. He went on, "did you say you wanted to buy some of these bonds, Mr. Dutton?" I told him I didn't have any idea of buying them as yet. To his great surprise, he told me that he couldn't understand how I could pass up such an opportunity and into the second chapter he went. This time he repeated almost everything he had said before and emphasized repeatedly that I was certainly missing a wonderful opportunity if I didn't buy some of the bonds that very day—tomorrow they might be gone.

I didn't tell him that I had quite a few ideas myself concerning investments—nor did I mention that I have also had some experience myself in buying and selling securities. In fact, I didn't get an opportunity to even become acquainted over the telephone. You will agree with me, I am sure, that by this time I had no desire to do so.

What He Should Have Done

I thought this kind of high pressure selling went out of style years ago. Thank the Lord it doesn't seem to be the way most of us sell securities today. Just analyze a minute. This man didn't even know me. He had no idea of my investment needs, my buying capacity, my experience as an investor, my age, nor my vanities. He just barged in and tried to high pressure me into buying something he had to sell. I knew it as soon as he started talking. You would know it and so would anyone else. He was just out to **sell some bonds.**

If he had thanked me for the inquiry and asked me politely if he could answer any questions, I believe I would have been glad to talk with him. Then if he had taken an interest in seeing that I received a circular with his name on it and a polite short note, I might have done business with him. If not on that particular issue possibly on something else. But he didn't try to show me that he was out to serve my interests. He didn't try to find out **what I wanted.** If he had asked me a few questions he might even have found out that I have a few weak spots myself—one of them is talking about securities and investments with people who sell them. If he had only said, "Mr. Dutton, I'd like to know you. I am going to send you a circular on these bonds. After you have read it, let's have a talk," I think I would have said, "Sure thing, do that." Chances are we would have done some business together. As it is—he has closed my door against him permanently. I just don't have the time and the patience any more to listen to someone harangue me about anything.

That's all there is—simple isn't it?

COMING EVENTS

In Investment Field

Aug. 20-21, 1953 (Denver, Colo.)
IBA Rocky Mountain Group-Bond Club of Denver annual summer frolic at Albany Hotel (Aug. 20) and Park Hill Country Club (Aug. 21).

Sept. 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.

Sept. 17, 1953 (Rockford, Ill.)
Rockford Securities Dealers Annual Outing at the Forest Hills Country Club.

Sept. 22, 1953 (San Antonio, Tex.)
Investment Women of San Antonio annual dinner meeting in the Tapestry Room, St. Anthony Hotel.

"Beware of Icebergs!"

By BERNARD M. BARUCH*
Former Head, War Production Board

Prominent "elder statesman," stressing need for continued strong national defense, lays down as requisites for organizing free world so it can respond effectively to whatever the future may bring: (1) making a peace offer to Soviets which distinguishes sharply between their legitimate aspirations for security and their aggressive terrorizing designs; (2) keeping up our military and economic strength; (3) dealing with domestic problems in interest of whole country; and (4) keeping our resources and commitments in balance to avoid depression and to preserve national credit.

In Korea, in Eastern Germany, in Russia itself—cracks are beginning to appear in the ice-jam of the cold war which has gripped the world so tightly for so long. These cracks may quickly freeze over again. Still, they stir hopes that genuine peace may be on its way. Despite these hopes our situation actually could become even more perilous.

Bernard M. Baruch

If the deadlock of cold war breaks, the sea will indeed be open to movement again, but it will be a sea thick with icebergs of all the unresolved issues of the peacemaking. Picking our way safely through these icebergs could prove far more hazardous than remaining frozen in deadlock.

A breathing spell could open the opportunity for a new effort at peace. But, if the cold war becomes the cool war or the hidden war, it could also bring hasty relaxation and even disintegration. Without the cement of evident danger, it will be much more difficult to hold the allies together, as the urge to let up spreads.

Our Own Taskmasters

Perhaps that is how we should think of the new testing which looms ahead—not for the United States alone but for the whole peaceful world. We may soon be forced to become our own taskmasters on the job of making peace. As long as the Soviets gave us no choice but to hold the line, our task was set for us—difficult but clear. If negotiations with the Soviets are resumed, we will have to make conscious choices, often between alternatives none of which we like. Will we know where it is safe to yield and where to stand firm? Will we be prepared to pay the price that each choice will require?

Much will depend on the reappraisal of our peace strategy now underway. With events moving so rapidly, some may feel we cannot do much advance planning. It would be tragic if that became the prevailing view.

Flexibility Not Looseness

Flexibility should not be confused with looseness. We cannot really have flexibility unless we first have thought through how all the many problems of peacemaking are interrelated. Only then can we act quickly, as opportunities arise, with the assurance that what is done in one area will not trouble us elsewhere.

Foreign policy is not just speeches and official statements. If the words are to have meaning, they must be backed by the resources of the free world. The experience of the last few years has shown that you cannot effectively organize those resources—military, economic, political and moral—without a fully worked-out, global strategy which fits the many aspects of the peacemaking into one unified whole.

The more uncertain and changing the conditions we face, the more important such an overall strategy becomes. Without it, we cannot know what is expected of us or what our Allies must do as their share. Without it, we are likely to fling our energies and resources into actions, which may seem dramatic, but which fail to grip the basic problems which must be resolved, or which undo with one hand what is done with the other hand.

Peace Offer to Soviets

To organize the free world so it can respond effectively to whatever the future may bring—good or bad—requires:

(1) Thinking through all the problems of peacemaking so we can make the Soviets a peace offer which draws a sharp distinction between their legitimate aspirations for security and constructive development and their aggressive, terrorizing designs.

(2) Holding together our military strength until the issue of peace is settled. This means ratifying the European Army Treaty, with no more stretchouts in the NATO army, and maintaining a vigilant guard in relation to Russia. There should be no further reductions in our armed strength unless Russia's is reduced significantly.

(3) Holding together our economic strength until the issue of peace is settled, making certain that trade contributes to peace not to aggression. No long-term credits should be made to the Iron Curtain countries; nor should they be given access to Western technology unless — and until — we have assurances that this will improve their living standards, not their war-making capacity.

(4) Dealing with the problems of domestic economic adjustment in terms of what is best for the whole country, not the selfish interests of pressure groups.

(5) Maintaining a running inventory of all our resources and commitments, keeping them in balance so we can grow steadily stronger economically and militarily, avoiding another depression and preserving the National Credit.

No Peace Without Arms

Such a program would mean working with our allies to formulate a clear set of peace aims behind which we could marshal our strength. What each ally must do would be set forth specifically. Whatever we undertook abroad would be balanced by what is done at home. Those fundamental interrelationships, which can never be forgotten except at tragic cost, would be kept in constant focus.

Most important among these interrelationships is that peace cannot be made without military power. We tried it after World War II when, instead of maintaining our strength until peace was made sure, we demobilized with frantic haste. Again, in Korea, we had to accept a truce none of us likes.

I cite Korea not to question whether the course pursued there was wise but to emphasize that the terms of any treaty always reflect the relative military power of the nations involved. That will hold in any future negotiations with the Soviets. It is worth emphasizing because some who have criticized the Korean truce most strongly are among those loudest in the clamor to reduce our military forces. I sympathize fully with the need to cut taxes and government spending. But let us not deceive ourselves that large reductions can be made in our armed forces without weakening our position in peace negotiations.

Nor should we be under the delusion that Eastern Germany or any other satellite land can be liberated while the Red Army is in occupation and no other military power is nearby.

Will Russia Relax?

For this year's military program, the die is cast. President Eisenhower has a vast experience in these matters and I am willing to follow his judgment. However, in the next year or two, above all else, we must watch what the Soviet leaders do, whether they reduce their arms program appreciably, hold it at the present level, or increase it.

If the year ahead does **not** bring a significant cut in Soviet armament then—and I cannot stress this too strongly—then we must reverse ourselves and step up our arming even if it means increasing rather than reducing taxes.

Whatever the Soviet propaganda line may be, if the men in the Kremlin do not curb their mobilization soon, we will be inviting aggression if we do not restore the arms cuts just made—and do more.

NATO—Or Peace Lost

Even if we could come to terms with the Soviets, the settlement could only be a guarded one. Nothing should be permitted to distract us from bringing into existence right now, the minimum armed establishment required to police any possible agreement.

Abroad, that means ratifying the European Army Treaty and pushing NATO to completion. Unless that is done there can be no effective settlement in Germany — the most crucial of all peace issues. If Germany were to be reunited, she would still be in constant danger of having her independence destroyed, perhaps by subversion from within, perhaps by fomented civil war as in prewar Spain, perhaps by satellite invasion as in Korea. To guard against these dangers — to make certain they will not happen—there must be an adequate force in Western Europe capable of acting instantly, to prevent Germany from being overrun.

If Germany remains divided, the same dangers would exist. In short, whether we succeed or fail in reaching agreement over Germany, NATO will be needed.

"Operation Fat"

Here, at home, we must also reexamine what an enduring defense requires. One defect to be remedied is the lack of a stand-by mobilization law to be invoked immediately in case of another war, saving priceless time. We must find ever more effective ways of cutting waste in defense expenditures. This should be organized as a continuous operation —"Operation Fat"—and be pressed with unrelenting vigor.

Nor can we continue to evade the need of universal military training. Whatever the settlement, our armed forces will remain at a permanently higher level than in the past. Six months training is not enough. A youth would no sooner get the feel of things than he would be on his way out.

Trade for Peace

If the peaceful nations are to be able to negotiate a decent peace, we must hold together economically as well as militarily. The efforts to prevent the flow of strategic items to Red China during the Korean War were only partially successful. Without open warfare, it may prove more difficult to enforce limitations on trade. Yet, we will be furthering the destruction of all we hold dear unless some understanding is reached—and observed—drawing a distinction between trade which contributes to peace and trade which contributes to war.

As long as any country is engaged in aggression, trade with that nation should be either cut off entirely or limited to a barter basis.

No long-term credits should be extended to any Iron Curtain country unless — and until — the Soviets give the world effective assurance that such credits will better the living conditions of the people and not the destructive capacities of these governments. Until that is done, strict controls should also be maintained on the export of machinery, particularly those incorporating the latest technological advances, and which are bought by the Soviets to be copied.

Some businessmen, particularly in Britain, our most dependable war ally, seem to believe that they can profit if they trade with the enemy while other nations do not. These businessmen should realize that no profits from traffic with aggression can be worth the price in morality or future security. They should also realize that such an attitude only invites others to go after the same trade, which eventually will go to the most efficient nations economically. The net effect would be to enable the Soviets and their satellites to play one nation off against the others.

Unemployment and Trade

Believing that a debtor can squeeze concessions out of its creditors, the Soviet leaders have been anxious to establish a debtor's position in relation to the West. They hope to draw into Russia on liberal credit terms many things which Russia cannot produce, particularly if unemployment causes surplus production in the West.

If surpluses do develop, I trust we will have the sense to utilize them for the benefit of our own and other peaceful peoples, rather than ship them to potential aggressors. However, I do not see why our choice need be one of unemployment or trade with an enemy.

Another depression, like that which followed 1929, is not inevitable. I have never believed that men were powerless to affect their own economic destinies or that they had to lie down dumbly before the fluctuations of our economic system.

No Painless Dentistry

That does not mean, however, that there can be any simple, quick, painless solution to our domestic economic problems. The inflation which has ravaged our economy is the accumulation of many mistakes over the years. It has left numerous distortions which must be corrected. But adjustments cannot—and need not—be allowed to go too far. Adjust yes. Bust no.

The important thing, in making

Continued on page 35

*An address by Mr. Baruch on the Annual Award of the B. M. Baruch Medal, Veterans of Foreign Wars, Milwaukee, Wisc., Aug. 4, 1953.

Can the Present Administration Deliver?

By HERBERT N. TURRELL, Jr.
Investment Partner,
Hunter, Turrell & Dahl, Estate Management,
San Francisco, Calif.

West Coast investment analyst lists both factors tending to depress business and factors that may offset a business decline. Analyzes effects of excess profit tax elimination, and contends "the highest taxes in corporate history provide a considerable cushion against a decline in net income." Says evidence points to slowly declining business trend during next two years, and points out lower business profits may mean renewal of budget deficits. Concludes "peace could be profoundly bullish."

Before undertaking any study of business and stock market prospects over the next few years, it is first necessary to make certain assumptions, largely in the political field, both national and international.

H. N. Turrell, Jr.

(1) Let us assume that no major war will break out, but that the long-term objective of world communism, namely world domination, remains unaltered.

(2) Differing from the Truman Administration, President Eisenhower's defense program is not aimed at any one year for attainment of maximum strength, but rather for a continuing program which will at all times keep the country prepared to meet any crisis.

In addition to this, the Republican Administration is committed:

(1) To stop further inflation,
(2) To balance the budget,
(3) To gradually reduce tax rates,
(4) To extend maturities on the government debt,
(5) To take the government out of business.

In short, the Administration intends to stabilize the economy at a high level, not bring about an important decline. Mr. Eisenhower has stated that the full force of government will be used to combat a depression. As Mr. Humphrey puts it, "Adjustments, yes, but not depression."

It is obvious that this platform contains conflicting objectives.

Since most of our eminent economists concede that some business decline is likely over the next two years, our objective here is to study how government policy may affect and moderate such a business decline.

Several Major Difficulties Loom

Stopping inflation means reducing expenditures, balancing the budget, and firming interest rates. Rising interest rates already resulted in a panicky government and corporate bond market, forcing the Federal Reserve not only to purchase over $500 million in bills, but to unlimber their really heavy artillery, namely to reduce reserve requirements 2% for New York and Chicago, and 1% for the balance of the country. **In making this change in Reserve requirements the Reserve Board stated that no change in long-term policy was being made.**

The Administration is caught on the horns of a dilemma. They plan to stop inflation, but while the government runs such a huge deficit that necessitates new money borrowing, they are more or less forced to support the government bond market and help the Treasury (although reluctantly) in its periodic financing. All of this adds up to more inflation, not less. The direct outcome of events this Spring caused the reduction of reserve requirements at a time when business itself was virtually at a peak. This type of action in the past has only been taken after business has declined substantially. One can only wonder whether the Reserve Board itself, sensing a possible business adjustment in 1954, had this time attempted to forestall or cushion the business decline since experience shows that reducing reserve requirements has a delayed effect (about six months) in bringing about a business reversal.

We may be witnessing a new type of money management designed to stabilize our business rather than reverse a downward trend long after it has gathered momentum. Only time will tell.

On the assumption that the business cycle has not been abolished but only suspended for longer or shorter periods by powerful outside forces, we can come to some rather interesting conclusions by setting down the opposing factors which may act to depress business or cushion a decline over the next two years.

Factors Tending to Depress Business

(1) The huge and sustained increase in capital expenditures going into plant and equipment over the last seven years has probably borrowed from the future. Some decline in this category may lie immediately ahead. The most recent capital expenditures apparently have been stimulated by the Excess Profits Tax through accelerated amortization. This tax expires Dec. 31, 1953.

(2) The present rate of home building, approximating 1,100,000 new homes this year, is probably borrowing from the future since only about 700,000 new families will be formed this year. Furthermore, the trend of new family formations will be downward over the several years ahead. Thus, it hardly seems likely that new home construction can maintain its present lead over new family formations. Building is one of the main props in our business boom.

(3) The production of consumer durable goods seems to be borrowing from the future because of the rapid increase in consumer credit.

(4) Inventories continue to rise, reaching $78 billion last month, over $20 billion higher than three years ago. Should production slip, inventory liquidation rather than inventory accumulation would add its weight to the above three factors in promoting a business down trend.

Factors That Tend to Prevent or Cushion a Decline in Business

(1) Rearmament or defense spending.

(2) Population growth amounting to above 2,500,000 yearly.

(3) Tax reduction.

(4) Tax reform (possible reduction of double taxation of dividends, reduction of the capital gains tax, shortening the holding period, or even permitting tax-free switching from one security to another, etc.).

The long sustained period of prosperity has gradually eliminated the large backlogs of demand in housing, plant capacity, and consumers durable goods. It is difficult to visualize a combination of circumstances, barring new moves by Russia, which would bring together to bear on the economy the enormous stimulating and sustaining factors which accumulated over the last seven years. The huge deferred demand of both the consumer and business carried over from World War II, combined with an ample money supply, low level of inventories, and the extremely low level of consumer credit and bank loans, gave us the longest and most sustained boom on record. And, as a climax to all the above, at about the time we might be expected to run out of sustaining forces, the Korean War was thrust upon the Western world, causing a virtual stampede of public and business buying. Capacity, inventories, credit and loans all skyrocketed once more.

Conditions today are the reverse of 1946. Although a business recession is indicated, it is unlikely to spiral into depression. Social security payments, farm price supports, and the huge volume of savings should maintain national income at a high level, thus assuring good retail business. The adjustment may possibly be prolonged but, on the whole, should be mild.

The Administration's secret weapon to moderate recession and prevent depression is reduction of the highest taxes in our history. If taxes are reduced as Federal expenditures subside, the assumption is warranted that no serious business decline is likely in the American economy as a whole.

The one overlooked fact appears to be this: in any decline in business over the next few years tax revenue itself will decline, and if taxes are to be reduced as well, substantial deficits appear inevitable. Thus, budget balancing may be postponed and the government forced into a public works program to prevent unemployment from reaching undesirable levels. Deficit financing appears inevitable under the assumption of a business decline. Although the inflationary aspects of this situation may not force prices higher, they at least should prevent any drastic decline in commodities generally, the kind of route which would cause a continuing downward spiral in business.

Stock Market

Often profits, dividends, and stock prices are more vulnerable than business activity. However, if we are near the threshold of some downtrend in business, there are certain factors today bearing on the stock market which are somewhat different than usually prevail at the time of an impending business decline.

(1) A substantial portion of the earnings of many of our larger companies, the type in which the majority of our investments are made, are currently subject to the 82% excess profits tax. To this extent, for every dollar decline in pre-tax per share earnings, while the excess profits tax is in effect, actual net earnings will only be reduced 18 cents per share. After pre-tax earnings have declined to the excess profits tax exemption base, then from there on, net earnings will decline at the rate of 48 cents for every dollar decline in pre-tax earnings.

On the other hand, if pre-tax earnings remain constant next year, then net earnings may actually advance with the lapsing of the excess profits tax.

From this table it is clear that pre-tax earnings can decline 37½% without reducing net earnings. Under this reduction net earnings per share amount to $1.50, the same as per share earnings under maximum excess profits taxes (first figure in Column 5).

The table also shows that for every dollar per share pre-tax earnings decline while the excess profits tax is in effect, net earnings decline by only 18 cents (Column 5).

On the other hand, at a given level of pre-tax earnings, the elimination of the excess profits tax will result in an increase in net income of as much as 60% for a company paying maximum excess profits taxes. (Illustrated by horizontal line I.) For companies now paying less than maximum excess profits taxes, the increase in earnings through elimination of the excess profits tax will be more moderate, ranging from the 60% advance, shown in line I, down to zero as the companies' pre-tax earnings decline to the exemption base. From there on net earnings will decline 48 cents for every one dollar decline in pre-tax per share earnings.

The cushioning effect of the elimination of the excess profit tax declines rapidly as the total tax take recedes from the 70% level. For instance, if a company pays 61% of its pre-tax earnings to the government, then using the example in the first horizontal line I, in the above table, its per share earnings, Column 5, line I, with excess profits tax, amount to $1.95 instead of $1.50. In this case the advance in earnings with lapse of excess profits tax amounts to 45 cents ($2.40-$1.95), a percentage advance of 23% instead of 60%.

In 1937, on the other hand, the last time we had a cyclical downtrend in business, normal and surtaxes took only about 20% of a corporation's profits. Thus, for every dollar decline in the pre-tax net, actual net income declined 80 cents.

The highest taxes in corporate history provide a considerable cushion against a decline in net income. In addition, should business enter a pronounced recession, tax rates will probably be reduced further.

(2) Profit margins in many cases have recently been shrinking in spite of boom time business. It has been fairly common to see a company report higher sales but lower profits. What happens to profit margins during a period of declining business holds the key to corporate profits.

In this regard a number of plus factors should be cited. The excess profits tax itself has been notorious for producing wasteful spending. Its elimination should encourage management to tighten up in careless expenditures. As business declines, elimination of overtime combined with shutting down inefficient and older plants and carrying on production in modern units should make for better cost control.

The evidence points to a slowly declining business trend over possibly two years, rather than a short sharp decline. Under this type of readjustment, management is far better able to control costs than where business suddenly plunges downward.

(3) The conclusion seems warranted that earnings may be better sustained in the next business downturn than is usually the case. If earnings are well sustained, dividends should be well maintained. Further factors in sustaining dividends are:

(a) The relatively low rate of corporate pay out, and,
(b) For those companies operating under accelerated amortization the large cash flow will tend to maintain dividends.

(4) Thus, with both earnings and dividends well sustained, it is logical to expect that stock prices will not be as vulnerable as they ordinarily are. Present yields on the Dow Jones Industrial Average of approximately 6%, are already substantial. Price earnings ratios are moderate, and the **price to dividend ratios are low rather than high.** With over half the stock market selling below its 1946 peaks, with many stocks historically low already, the conclusion seems inescapable, in all but the collapse of business itself, that the stock market will surprise the Bears rather than the Bulls.

In conclusion, if business declines, the stock market should decline. Reserves for future buying are essential. However, provided government acts wisely the recession should be moderate even if prolonged. To guard against the possibility that the government may not be entirely able to control the business downturn, reserves should not be dissipated quickly.

Selectivity remains the investment manager's secret weapon.

The above outline should be accepted only as a pattern to guide our thinking as events unfold.

When the Administration can arbitrarily create vast potential billions by reducing reserve requirements; when events in Russia (such as the recent dismissal of Beria) may portend a political and economic breakdown of the Russian Empire, one must continually guard against dogmatic conclusions. It may be that recent events forecast an eventual, even if temporary, accommodation with Russia which could lead to a period of better feeling between East and West.

Peace could be profoundly bullish. Any decline based upon a more peaceful world would present investors with the outstanding buying opportunity since 1942.

The following table brings out the cushioning effect of high tax rates on corporate net.

Assume Company A has the following characteristics:

Excess Profits Tax exemption base $400,000
Capitalization (common only) ..... 200,000 shs.
Under Excess Profits Tax company pays tax of just 70% of pre-tax earnings. Upon lapsing of Excess Profits Tax normal and surtax becomes 52%.

Starting with pre-tax earnings of $1,000,000, the table shows earnings with and without the Excess Profits Tax as pre-tax earnings decline by $200,000 in successive stages to the exemption base of $400,000, at which no excess profits tax is incurred.

	1	2	3	4	5	6	7
				Per Share Earnings			
	Pretax Earnings	% Decline in Pretax Earnings From I	Dollar Earns. After Normal and Surtax Only	No Excess Profit Tax	Under Excess Profit Tax	Advance in Earns. With No EPT	% Advance in Earnings
I.	$1,000,000	--	$480,000	$2.40	$1.50	0.90	60.0%
II.	800,000	20%	384,000	1.92	1.32	0.60	45.5
III.	625,000	37½	300,000	1.50	---	---	---
IV.	600,000	40	288,000	1.44	1.14	0.30	26.3
V.	400,000	60	192,000	0.96	0.96	Equal	---

Carl Becker Joins Shearson, Hammill Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Carl Becker has become associated with Shearson, Hammill & Co., 520 South Grand Avenue. Mr. Becker was formerly associated with Walston, Hoffman & Goodwin as Manager of the Brokerage Department.

Missouri Brevities

Monsanto Chemical Company's 1953 reached a new high of $89,- British and Australian subsidiaries, for the second quarter of 1953 reached a new high of $89,-760,049, bringing the company's sales for the first six months of the year to a record $175,278,971, up approximately 39% over the corresponding period in 1952, Charles Allen Thomas, President, reported.

Income before taxes for the first six months was $31,522,809, up 47% over the same period last year. Net income after income and excess profits taxes amounts to $13,503,974, which, after provision for preference dividends, is equal to $2.51 a share on the 5,270,051 common shares outstanding. Earnings for the corresponding period in 1952 were $11,100,852, which equaled $2.05 a common share.

* * *

Stix, Baer & Fuller, St. Louis, for the six months ended Aug. 1, 1953, reports that net sales at $21,-371,819 represents an increase of 2% over the sales for the same period in 1952. Net profit before taxes amounted to $897,978 this year and was $893,188 last year. Consolidated net profit after income taxes was $419,378, as against $417,088 a year ago.

After deducting preferred dividend requirements, earnings in both years, after taxes, were equivalent to slightly more than 53 cents per share of common stock outstanding.

* * *

Scullin Steel Co., St. Louis, reported that for the six months ended June 30, 1953, net earnings were $581,940 or $3.34 per share on 174,213 outstanding shares of common stock compared with $447,120 or $2.57 per share on 174,217 shares in the corresponding period last year. The net sales for the first half year were $15,-959,487 in 1953 and $13,699,956 in 1952.

E. F. Judge, President, stated that "Unfilled orders for the company's regular products—bolsters, side frames and miscellaneous steel castings for railroad freight car equipment—are still in substantial volume but on a diminishing scale because of a decline in freight car buying on the part of the railroads. This situation could be changed quickly by this company's average participation in any buying program designed by the railroads or others to relieve the nation's growing need for additional freight cars to augment the present supply."

* * *

Emerson Electric Manufacturing Co., St. Louis, for the first nine months of its fiscal year, October through June, reported net profit of $1,235,938, equal to $2.53 per common share, compared with net profit of $982,960, or $2.03 a year ago. Net sales for the latest period amounted to $42,953,572, against $35,525,487. Earnings for the third quarter amounted to 69 cents per share, against 95 cents.

* * *

The preferred stockholders of **Midland Investment Corp.** (Midland Theater and Office Building) Kansas City, will be advised shortly that the stock will be redeemed Oct. 21, by an exchange for general mortgage income bonds in face amount equal to the par value of the preferred stock. Thus for each share of preferred there will be issued $100 principal amount of bonds. The 5,572.3 shares of preferred will be converted into $557,230 of income bonds, due in 25 years.

* * *

The directors of **Gleaner Harvester Corp.** on Aug. 12, took no action on the common dividend usually due in September. The June quarterly dividend of 50 cents was omitted.

"In view of the fact the company already has paid $1 on the common in the current fiscal year, which amount is a high percentage of the year's earnings, the directors do not feel that any more payments should be made in the ficsal year," George Reuland, President announced.

At the time the dividend was passed the company stated it hoped it would be able to make up the payment by the end of the year if business had improved.

* * *

Western Auto Supply Co. (Mo.) in the first seven months of this year did more than $103,000,000 of business, the largest amount for any similar period.

Of the $17,890,000 total volume for July, the wholesale division accounted for $9,701,000, which amount was $1,166,000 greater than a year ago. Retail sales of $8,189,000 were $565,000 above a year ago.

For the seven month period, retail sales were $49,467,000, a gain of 13.6% over a year ago; wholesale volume of $53,972,000 was up 15.3%.

Total sales of $103,439,000 for the seven months were 14.5% ahead of the $90,344,000 for the same period last year.

* * *

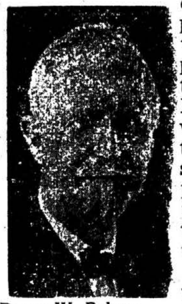
Laclede Gas Co. reported net income of $2,872,799 or 95 cents per common share for 12 months ended June 30, compared with net income of $3,131,633, or $1.03 a common share a year ago. Gross amounted to $31,871,868, against $29,627,585.

Life Insurance

By ROGER W. BABSON

Holding amount of life insurance an individual should carry depends in part, on the value of the dollar, Mr. Babson gives reasons why value of dollar is declining. Says now is the time to buy life insurance.

I believe in life insurance at all times, the same as I believe in fire insurance at all times. As, however, the amount of fire insurance taken out should depend partly on the cost of replacement, so the amount of life insurance which you take out should depend partly upon the trend in the value of the dollar.



Roger W. Babson

Ordinarily, when experts agree that the dollar will decline in value for the next 20 years, you would not buy so much 20 Payment Life Insurance as if they agreed it would increase in value during the next 20 years. In the first case, you are paying out good dollars as premiums, while your wife may get poor dollars when you die—although she then would be much better off than if she got no dollars!

In the second case, you are paying out poor dollars as premiums with the hope your wife will get good dollars when you die. To illustrate how much of a factor this change is, the value of our dollar was 100 cents in 1939; it declined to 52 cents in 1952 and then started climbing back again. Considering that the people of the United States hold life insurance policies totaling over $275 billion, this decline in the value of our dollar has cost Americans many billions of dollars.

Reasons for Declining Dollar

There are various reasons why the dollar declined in value during the past 20 years. The primary one was that owing to war and preparation for war we did not balance our national budget but issued billions of paper money to make up the deficit. Any banker will accept your note at par if you have all your bills paid, a good job, and money in the bank. If, however, you can't pay your bills and are constantly giving out more notes, then these notes are accepted only at a discount, and the more notes you issue, the bigger the discount you must give in order to have them accepted.

Another reason for a declining dollar is when anyone accepts wages, interest, or profits for more than he deserves. Wageworkers are entitled to wage increases in proportion to their increased production, less fair rental for the new machinery. When, however, labor unions force employers to give them more wages without giving more production in return, this results in an unbalanced national budget. In the long run, none of us can get "something for nothing." What labor gets in unproductive wages, it loses through higher prices, higher rents, and a declining dollar value.

Why the Dollar Is Declining

In view of the fairer attitude which the Eisenhower Administration is taking to balance the spending, borrowing and production budgets, the value of the dollar should now go up again. This means many things: (1) The money which you now have in life insurance, bank deposits, and elsewhere will be growing in value. (2) Your real wages will be increasing every month even though you get the same number of dollars in your pay envelope. This means that unless we can prove we are producing more goods or rendering better sevice, we should not now ask for higher wages.

Time to Buy Life Insurance

This is the time to insure the present high wages which your husband is now bringing home. With sufficient life insurance bought now, the increased buying power of this insurance when paid will partly offset the loss in the family income in case of his death.

Hence, this is the time to buy life insurance. In addition to getting full insurance the day you pay your first premium, you are paying your premium with 52-cent dollars while your wife and family may be paid in 100-cent dollars when you die. For parents this means that now also is the time for spending money on an education for your children. For businessmen it means now is the time to spend money on institutional advertising and on other "long-term" investments.

G. A. Rogers, Jr. to Join Geo. Rogers Co.

George A. Rogers, senior partner of George A. Rogers & Co., Inc., 120 Broadway, New York City, announces that his son, First Lieutenant George A. Rogers, Jr., will be associated with the firm as soon as he receives his discharge from the United States Army. Lt. Rogers recently received the Commendation Ribbon with Metal Pendant while serving in Korea where he has been since January, 1952 as Assistant Battalion Motor Officer of Headquarters, 89th Tank Battalion.

With S. R. Livingstone

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Walter J. Pietrzykowski is now with S. R. Livingstone, Crouse & Co., Penobscot Building, members of the Detroit Stock Exchange.

Prof. Pearson Sees Price Level More in Line With Gold Supply

Cornell University economist, who supported doctrine gold supply regulates prices, foresees no world depression and maintains "gold is still common denominator by which commodities are priced in world market."

Prof. F. A. Pearson of Cornell University, whose theories relating to the influence of gold supply on prices were largely accepted in the early days of the Roosevelt Administration, told a Graduate Seminar at Ithaca, N. Y., on Aug. 14, that our price level is now more in line with the gold supply than was the case during the Twenties, and therefore, a depression of the magnitude of the Thirties will not descend on our economy. He also pointed out that the present demand for gold is about normal whereas during the Twenties it was abnormally low. The low supply accompanied by the expanding world-wide demand by central banks for gold precipitated the spectacular fall in commodity values.

Dr. F. A. Pearson

The Keynesian "wonder drug" theory that inflation and deflation are a result of surplus and deficit financing was challenged by Prof. Pearson. "Gold is still the common denominator by which commodities are priced in the world's market. The gold standard has not necessarily been abandoned by the man on the street," Prof. Pearson maintained.

He pointed out that for the last three decades gold supplies have not played their usual role in prices. "It is little wonder that economists concluded that the gold standard no longer functioned," he added, saying that although increasing numbers of economists have deserted the gold standard, a couple of billion people, whose currencies are tied to gold, have not.

Many hazy ideas, he averred, have been presented to explain commodity prices including national income, "the sacred cow," and surplus and deficit financing, "the sacred heifer" of government economists are officials. Dr. Pearson went on to say, "Commodity prices are based on the simple fact that relative supplies and demands for gold and commodities still control the price level."

Continuing on into the causes of inflation and deflation Professor Pearson stated that those expecting deflation in the not too distant future should look for an explanation in one or more of the following three world-wide forces.

"(1) A decrease in the world supply of the monetary unit relative to trade needs.

"(2) A decrease in the world demand for commodities relative to the monetary metal.

"(3) An increase in the world demand for the monetary metal relative to commodities."

There will be no deflation in this country, said Dr. Pearson, due to:

"(1) An increase in the amount of monetary metal in the United States dollar.

"(2) A decrease in the amount of paper money and credit in the United States relative to its trade needs.

"(3) The widespread opinion that the Treasury's aim is 'hard money.' This is malarkey. The Treasury may favor 'hard money' but prices are made in the world market and not in Washington."

Those expecting a deflation similar to that following the First World War were presented with a comparison of the two postwar periods. That there are similarities Dr. Pearson agreed but pointed out that (a) the urban and rural depressions of 1921 were more severe than that of 1948; (b) the 1930 prices were 43% below the peak of 1920 while the low of 1953 was only 15% below the peak of 1943; (c) the sources of capital for world-wide expansion were different, the post-World War I sources were private capital and post-World War II sources were taxes paid by the American public; (d) the disarmament of post-World War II was short lived while it was prolonged in World War I; (e) but most important, our price level now is more in line with gold supplies and demands than during the Twenties.

Having established his idea that gold supplies determine commodity prices, Dr. Pearson than challenged the idea that private hoarding is wrong. "Just why it is virtuous for persons collectively to hoard scarce gold, producing deflation and reprehensive for individuals like you and me to do likewise has not adequately been explained. It was the central banks of the world, hoarding gold, who were the true culprits of the deflation of the early Thirties. Every indication of such 'virtuous hoarding' during the next few years should be scrutinized because hoarders, public of private, surround their activities with secrecy," he warned.

"The industrial demands for gold and the activities of Far Eastern hoarders are minor. Western hoarding by individuals is only important if it is world-wide and works simultaneously with world-wide hoarding of central banks."

There is one merit of private hoarding which far exceeds any of the disadvantages its opponents can present. This, said Dr. Pearson, is "that it accelerates the inevitable. There is on case in modern history where a nation wrote up the value of its assets relative to its debts by revaluation that the private hoarders did not immediately dehoard."

Brunner Mfg. Co. Securities Offered

Allen & Co. and Mohawk Valley Investing Co., Inc. are offering 100,000 shares of common stock (par $1) and $1,500,000 of 6% subordinated convertible debentures due July 31, 1968, of Brunner Manufacturing Co. The common stock is priced at $6.75 per share, and the debentures at 100% and accrued interest.

The debentures are convertible until maturity into common stock at conversion prices ranging from $7 to $8.75. They are callable at prices ranging from 106 to 100½, except for the sinking fund, for which the call prices range from $103 to $100¼ plus accrued interest in each case.

Net proceeds from the financing will be used by the company for the purchase of equipment for its new southern plant, to pay off its current bank loans, to retire its preferred stock, and for additional working capital for its expanded operations.

Brunner Manufacturing Co., with its present plants and principal offices in Utica, N. Y., and plant under construction in Gainesville, Ga., is one of the leading manufacturers of compressor-condensing units for use in air conditioning and commercial refrigeration. It also sells "Brunner" package air conditioning units in sizes from 2-10 tons for commercial use, which are manufactured for it by American Coils Co. of Newark, N. J., and contain Brunner compressors, and manufactures air compressors.

For the past three months, shipments have been running over $1,100,000 per month and company has unfilled orders equal to several months' shipments.

Joins Goodbody Staff

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla. — John C. Merkel has become affiliated with Goodbody & Co., 218 Beach Drive, North. He was formerly with Florida Securities Company.

Connecticut Brevities

Torrington Manufacturing Co. has begun construction of a plant addition with 46,125 square feet of floor space to cost about $500,000 and to be completed before the end of the year. The new building is required to provide space for increased production of air impellers as a result of the rapid growth in the use of cooling, heating and ventilating appliances. The present major expansion program is the fifteenth since 1900.

* * *

The assets of **Jacobs Manufacturing Company** have been acquired by Chicago Pneumatic Tool Company. Operations will continue in the present plant, located in West Hartford. A New Jersey corporation, which is a subsidiary of Chicago Pneumatic Tool, has been set up to operate Jacobs. Officers of the new company consist largely of former officers of Jacobs.

* * *

American Paper Goods Co., with plants in Kensington, Conn., and Chicago, Ill., has obtained $900,000 through sale of a 15-year 4.75% note to a life insurance company.

* * *

Directors of **Hartford Electric Light Company** have voted to recommend the sale of 105,500 shares of common stock through rights. Sale of the stock which is indicated on a one-for-eight basis would probably take place in the fall, after first obtaining stockholders permission to increase the number of authorized shares. This would be the first sale of new common by the company since 1929.

* * *

On July 29, stockholders of **Hartford National Bank & Trust Company** approved the proposed merger with the **National Bank of Commerce** of New London and the **New London City National Bank.** Stockholders of National Bank of Commerce will receive 10 shares and holders of New London City will receive one and one-half shares of Hartford National for each share presently owned. The new shares of Hartford National, totaling 105,000 will increase the outstanding capitalization to 705,000 shares. Hartford National's deposits of $247,000,000 on June 30 will be increased by about $20,000,000 through the merger. Recently the bank has announced plans to open a new branch on Oct. 1 at a large shopping center in West Hartford.

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A registration statement has been filed with the SEC by **Silex Company** covering 201,563 shares of common stock, to be offered to holders of record Aug. 12 on a one-for-one basis at $3.50 a share, with the rights expiring at the end of 12 days. The shares are not being underwritten and a group of stockholders have agreed to waive subscription rights on 67,187 shares of new stock.

* * *

New Haven Clock & Watch Co. has received approval from the Reconstruction Finance Corp. of a $360,000 loan under provisions of the Defense Production Act. Proceeds will be used for working capital.

* * *

During recent weeks **Soundscriber Corporation** has received defense contracts for the Signal Corps, Navy and Air Force covering dictating and recording equipment of the company's regular lines as well as development contracts for special purpose recording devices. The new contracts, amounting to about $900,000, bring the backlog of government business to 7 to 8 months.

* * *

The report of **Plume & Atwood Company** for the 28 weeks to July 18 shows a sharp improvement in earnings to $1.65 per share, based on the present number of shares. In April the company offered 13,500 shares of stock through rights. The issue, which was oversubscribed by 9,000 shares, provided net proceeds of $216,000 to the company.

* * *

The **Travelers Insurance Co.** has announced plans to build a new office building adjacent to its present main offices. Two buildings, owned by Travelers but presently leased to various tenants, will be razed to provide space for the new building. Construction is not expected to commence until next year.

Texas Int. Sulphur Stock Sold by Vickers

Vickers Brothers, New York City, has underwritten and placed an issue of 400,000 shares of common stock (par 10 cents) of Texas International Sulphur Co. at $1 per share.

The net proceeds of this financing are primarily to provide funds required to pay costs and expenses of the exploration and drilling of core test wells on the Navarro Concessions to locate, if present, commercial sulphur deposits thereon. The Navarro Concessions are located in the State of Baja California, Mexico, and contain approximately 2,471 acres and are situated some 23 miles south of the town of San Felipe, Mexico. It was recently announced that operations at these mines will start immediately.

With Braun, Monroe

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis. — Overton A. Myers has become associated with Braun, Monroe & Co., 735 North Water Street. He was formerly with Blair, Rollins & Co., Inc. and Barcus, Kindred & Co. in Chicago.

Loewi Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

RACINE, Wis.—Orville B. Newcomb has become affiliated with Loewi & Co., 818 Lathrop Avenue.

Alexander J. Burns

Alexander J. Burns, member of the New York Stock Exchange, and a partner in Carl H. Pforzheimer & Co., New York City, passed away at the age of 60 after a long illness.

THE MARKET . . . AND YOU

By WALLACE STREETE

Wall Street sank deeper in gloom this week as the persistent strength in a couple of bellwethers, such as General Electric and DuPont, failed to spark the stock market into some sort of decisive action. Brokers all but gave up their search for something that could end the summer lethargy and boost volume to the break-even point.

* * *

Majority sentiment still favored at least one last gasp for the traditional "summer rally" but all the surface indications indicated that the path downward was an easier one to negotiate. A sharp mid-week selling drive that zoomed in on some of the recent favorites undid in a couple of trades what had taken sessions to build up, notably in DuPont which had forged well over par only to be cut all the way back in a few sales.

* * *

General Electric fared a bit better, showing the earmarks of pension fund interest, or some such, since the accompanying rumors of a stock split in this issue weren't given too much credence, at least as far as such action being imminent.

* * *

Mystery Rises

As a matter of fact, the sudden surges of these two quality issues were something of a mystery that nobody has solved to any unanimous satisfaction. The talk on DuPont was a repetition of the age-old belief that someday the company will find it feasible to pass along its important holdings of General Motors to the stockholders. The only official action was declaration of the regular dividend early in the week.

* * *

DuPont's action was also a bit out of the normal line. Such an issue normally could be expected to sway in tune with the company in which it has an important interest. But when fire destroyed GM's mammoth automatic transmission plant, disrupting production schedules, and the stock started to slide, DuPont went just the other way. And when DuPont reacted, General Motors had turned over to the stronger side of the list.

* * *

Elsewhere, it was mostly a monotonous pattern of down one day, up the next, net result nothing. The chronic weaklings have been repeaters on the list of new lows and the strong ones went their opposite way with a fair share of repetition here, too. This duplication on a day-to-day basis somewhat clouded the highs-vs.-lows, at least as far as they can be a barometer to overall market action.

* * *

The High-and-Low Regulars

Regulars, more or less, on the high side were First National Stores, American Stores, Briggs & Stratton, National Dairy and American Home Products. In the case of the latter issue, it brought to three the number of Big Board stocks that pay monthly dividends that reached new highs, Clinton Foods and Wrigley attaining this eminence somewhat earlier.

* * *

Lows with some determination included farm equipments along with Twin Coach and Ruppert, which was just one more indication that the better acting issues are the quality ones that would attract institutional buying. Such buying is conceded to be a prime—if not the sole—influence at work in the light markets of recent days. Support of this nature admittedly is an important prop for the market but is something short of an influence to spur a spirited rally.

* * *

The more convincing actions on an individual basis continue to stem from dividend action. But here again it isn't entirely satisfying to the professionals. Apparently the list has been well enough combed, starting with the earnings statements, for those that are logical suspects for better dividend treatment because once the confirmation comes along there is little follow-through left. The old market adage of selling "on the good news" to cream the momentary runup isn't much of a success these days.

* * *

While the daily action has been somewhat erratic, on a weekly basis the better perspective points to a constantly narrowing market. Where the higher-versus-lower stock price ratio was 835 up, to 329 down, a couple of weeks ago, and 820-to-355 the following week, last week it was down to a near-balance of 572 higher to 611 lower. This week's action has been similarly balanced so far. Wednesday's late assault, which incidentally, gave the industrial and rail averages their widest joint moves since a late July rally, was as selective as the general market has been virtually all year.

The Forecasters Fifty-Fifty

It is axiomatic in the stock market that the list seldom comes close to standing still for very long before it erupts either way. The payoff question of which way is due finds the market oracles about evenly divided. There isn't much talk any more of the "summer rally" by them since it is only a couple of weeks to Labor Day. Some of the more optimistic throughout the summer have trimmed their sights down to a 280-85 target for the last effort of the summer upturn. Even this estimate, allowing only a five to ten point leeway, doesn't offer much to the bulk of the traders because it could be achieved in a very selective market and leave many issues unaffected. And it would still go down in the books as a rather limp summer rally.

* * *

Instead, the chore of the analysts these days is again the one of seeking out the issues that would show the widest improvement in net when the Excess Profits Tax expires at the turn of the year. A companion work is culling out the issues, depressed at the moment because of an uncertain future, that could maintain payments and show good comparative earnings largely because of the release from EPT liability.

* * *

The last time the market students were anticipating the end of EPT, almost to a man they moved diametrically away from the oils. Strangely, at the moment the oils are regarded somewhat favorably both because of recent price increases and because demand has held up surprisingly well.

* * *

Equally perverse are the new signs of weakness in the tobacco shares which, because of their defensive nature, have been showing superior market performance all year. Lately they have taken to wavering a bit and on Tuesday's selling they retreated rather unanimously. They had been thought to have more life left in them, particularly since ones like American Tobacco are still short by more than 20 points of the peak reached in 1946. Phillip Morris, another given to faltering recently, has plenty of room on the top, too, since it is still selling below the best prices of 1951 and 1950 and also something like 20 points short of the 1946 peak.

* * *

These issues, as well as any others, show the strikingly different effects when there is widespread caution, as there is today, in contrast to the rampant optimism of 1946 when earnings and payments were generally far below the boom levels since attained.

[*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.*]

SEC Adopts Amended Rule on Unlisted Trad'g

Rules a national securities exchange upon which a security has been admitted to unlisted trading privileges no longer need notify SEC of certain changes with respect to such security if it is also registered on another exchange.

The Securities and Exchange Commission on Aug. 12 announced the adoption of an amendment to its Rule X-12F-2 under the Securities Exchange Act of 1934. Under the amendment a national securities exchange upon which a security has been admitted to unlisted trading privileges need no longer notify the Commission of certain changes with respect to such security if the security is also listed and registered on another national securities exchange.

Paragraph (a) of Rule X-12F-2 provides that whenever any security admitted to unlisted trading privileges on a national securities exchange is changed in one or more of the following respects it shall nevertheless be deemed to be the security previously admitted to unlisted trading privileges on such exchange: the title of the security or the name of the issuer; the maturity, interest rate, or outstanding aggregate principal amount of an issue of bonds, debentures or notes; the par value, dividend rate, number of shares authorized, or the outstanding number of shares of a stock. Prior to the amendment the rule required the exchange to notify the Commission whenever any such changes occurred with respect to the security, irrespective of whether the security was listed and registered on another exchange. However, whenever any such change occurs with respect to a security listed and registered on an exchange, the issuer of the security must file reports containing such information; and this information filed by the issuer is in a public file available to investors.

Consequently, it was considered to be appropriate to amend Rule X-12F-2(a) to relieve national securities exchanges upon which the security has been admitted to unlisted trading privileges of the necessity of filing similar information with the Commission. The exchange will still have to notify the Commission of such changes if the security is not listed and registered on any national securities exchange. No changes are made in paragraph (b) of the rule.

Bankers Offer Pacific Finance Debentures

Public offering of $20,000,000 principal amount of 4% debentures, due 1959, of Pacific Finance Corporation is being made toady (Aug. 20) by a syndicate headed jointly by Blyth & Co., Inc. and Hornblower & Weeks. The debentures are priced at 99⅞% plus accrued interest from Aug. 1, 1953.

Proceeds from the sale of the debentures will be initially applied to the reduction of short-term bank loans. The company is one of the larger companies engaged primarily in automobile sales financing, direct lending to consumers on automobiles and other personal property, and the writing of automobile insurance in connection with these financing activities. The company operates 196 offices located in 19 states.

For the year ended Dec. 3, 1952, loans and discounts acquired totaled $431,517,112 compared with $317,295,125 for the year 1951. For the six months ended June 30, 1953, loans and discounts acquired totaled $205,831,424. Gross insurance premiums written for the year 1952 totaled $11,567,000, compared with $8,606,854 in 1951 and $4,927,213 for the first six months of 1953. Net income for the 12 months ended Dec. 31, 1952 totaled $3,558,440 compared with $2,294,008 in 1951 and $2,088,337 for the first six months of 1953.

The new debentures are redeemable prior to Feb. 1, 1957, at 103%; to Aug. 1, 1957, at 102¼%; prior to Feb. 1, 1958, at 101½%; prior to Aug. 1, 1958, 100¾%; and thereafter, 100%. The annual interest requirements of the new debentures will aggregate $800,000.

Program for Excise Tax Reduction

By BEARDSLEY RUML*

President, Jewelers Acceptance Corporation
Formerly, Chairman, Federal Reserve Bank of New York

Stressing "the un-wisdom, unfairness and the absurdities of selected excises," Mr. Ruml points to the heavy collection expense of these levies and their discriminatory inequity on consumers, employees, businesses and communities. Denies new taxes will be required to replace wartime excises, as need for Federal tax revenue is over-stated. Says "we need a budget reform program."

My remarks are directed toward the entire list of discriminatory, selective excise taxes, with the exception of those on alcoholic beverages, tobacco and gasoline. I exclude these three categories, not because I believe they are now correctly taxed, but because in each case there are special controlling situations, and in each case a good argument can be made for continuing an excise at a suitable rate.

Beardsley Ruml

As for the rest of the discriminatory excises, they should be repealed completely and at the first opportunity. Furthermore, as I shall show in this testimony, the repeal of these taxes does not require the adoption of a Federal sales tax, nor does it require the increase of any existing taxes, nor the continuance of present rates which have been scheduled for reduction in the various Acts in which they were increased.

In fiscal 1953, the gross amount collected from the taxes to which I refer was $4,600,000,000. The net amount flowing into the Treasury was certainly less, how much less is a matter of opinion. In testimony supported by statistics presented before this Committee in February, 1950, the net return of the selective excises was figured at not much more than 50% of the gross. But to be conservative, let us reduce the gross by only 25% to estimate the net receipts, a figure which I think few will think too high, and which I am sure many will think too low. Taking a shrinkage of 25% from gross, the net receipts from the selective excises here considered in fiscal 1953 in round numbers was $3,400,000,000.

Speakers representing the several industries subject to excise taxation have shown abundantly the un-wisdom, the unfairness and the absurdities of the selective excises. They have shown how they bear down with discriminatory inequity on consumers, employees, businesses and communities. They have reminded you of why these taxes were adopted, that they were measures for wartime control of consumption and not primarily revenue measures as such, that the occasion that caused their adoption has long since passed. What is true of each of the affected industries is true of them as a whole, and there is nothing that I can or need to add to the overwhelming indictment of discriminatory, selective excise taxes. Except for the special consideration of alcoholic beverages, tobacco and gasoline, they should be thrown out of the Federal system of taxation, promptly and completely.

No Substitute Taxes Required

The selective excises can be thrown out and no new taxes need be imposed to take their place. The reason is clear and definite. The reason is this: the need for tax revenue is overstated in the budget by twelve billion dollars ($12,000,000,000) annually. And the selective excises to which we refer produced in fiscal 1953 net receipts of only $3,400,000,000.

The overstatement of $12 billion a year is composed of four principal parts as follows:

	Billion
(1) Reductions possible by efficiency and economy	$2
(2) Capital items, improperly included as expense	2
(3) Investments that could be organized as self-financing "authorities"	4
(4) Result of going on a consolidated cash budget	4
	$12

Why Need For Revenue Is Overstated

I shall discuss each of these four items in detail, but briefly.

First. I have included an item for **efficiency and economy** to indicate that I favor efficiency and economy to the maximum extent consistent with the national interest. I have placed the figure as low as $2 billion for two reasons: (a) so that there can be little dispute that such a figure can be attained by sensible economy measures, and (b) so that if anyone should feel that my estimates under the other three headings are a little too high, then a little more can be assigned to "efficiency and economy."

Second. **Capital items improperly included as expense.** These items are of two kinds: (a) those disbursements that result in the acquisition of revenue producing assets. The most conspicuous of these are the FNMA mortgages, of which the Federal government now holds $2,250,000,000. And there are other similar holdings such as RFC, small business and rural electrification loans. (Detail is presented in Appendix II to this testimony.) (b) A different class of assets are purchases intended to be re-sold under appropriate circumstances. Disbursements for the stockpiling of strategic materials are of this class. To be sure, the expense of storage, deterioration and so forth are current expense items; but the cost of acquisition is not. Lending and spending for the holding of agricultural surpluses should be similarly considered.

The total under this second general heading varies greatly from year to year, but I feel that few would think that an estimate for capital items are improperly included as expense a figure of $2 billion is excessive.

I am well aware that the treating of capital items separately is subject to abuse, and I would limit it strictly to the two obvious categories of assets which I have just specified.

Third. **Investments that could be organized as self-financing "Authorities."** Some may not like the term "Authorities," but it has been made meaningful and respectable by the conspicuous success of self-financing Authorities in many states and cities, for example New York and Pittsburgh. (Detail is provided in Appendix III to this testimony.)

Two general classes of Authorities may be distinguished, those that derive their income from charges of one kind or another from the public using the facilities; and the other, those that might receive currently by lease or by contract from the appropriate department of the Federal or local government the revenues necessary to cover costs of operation and annual financial charges for interests and amortization. Real estate purchases, construction of government buildings, and investment in atomic energy plants for the production of plutonium could be included in the latter class of Authorities. The Defense Department buys oil on a contract basis; why shouldn't it buy plutonium?

Few would dispute the business-like principle that revenue producing assets should be capitalized, and that the benefits realized from these assets should be paid for as they are consumed. The financing of Authorities on a self-financing basis will of course necessitate a rate structure appropriate to the costs. There is no logic in forcing this year's taxpayer to pay for benefits to go without cost to future taxpayers for years to come.

My estimate for authorities is $4 billion annually. It would take a year or two to organize to attain this figure, but having analyzed the budget, I believe that a conscientious study of the opportunities for reclassification of expense would result in time in a figure even higher than the $4 billion suggested.

The question will occur to many —where will the money come from to pay for the capital items to be excluded from the budget and for the investment needs of the various Authorities? The answer is that the money will come from the same sources as it comes from today, that is, as borrowings from commercial banks, savings institutions and the public. The difference would be that the borrowings would be associated in general, and in many cases specifically, with recognized capital investments. And to be slightly technical, variations in the sources from which the funds are derived could be a powerful instrument of fiscal policy.

This powerful instrument of fiscal policy requires explicit coordination of the financial operations of Federal Authorities, and it would be well at the same time to bring about informed collaboration among the fiscal monetary and lending agencies of the Federal government.

I believe that under such an instrument of policy it would be possible to adhere rigidly to the rule "set taxes to balance the budget at high levels of employment," just because of the great flexibility that would then exist in the financing of capital items no longer considered as current expense.

Fourth. **The result of going on to a consolidated cash budget** would reduce by $4 billion the apparent Federal requirements for tax revenue. This change has been recommended for years by students, organizations, and government agencies, among them, the Committee for Economic Development, the Council of Economic Advisors, and the 1949 Senate Sub-Committee on Monetary and Fiscal Policy, headed by Senator Douglas. The change has the support of persons in both parties. It is unfortunate that the change was not made with the beginning of the new fiscal year which has just started; but I see no insuperable difficulties about making the change-over at any time, say Jan. 1, 1954.

As is well known, the present so-called Federal budget is nothing more than a system of financial record keeping, a hodge podge of current and accrued items, of exclusions and inclusions. All taken together, of whatever historical interest or administrative convenience, it is only a listing of numbers with no overall financial meaning. It is misleading as a guide to appraising the impact of the Federal Government's intake and outgo on the private economy and on the soundness of money. It has no economic significance. The present system of financial record keeping, the miscalled "budget" understates by at least $4 billion the net receipts which are clearly shown in the official cash consolidated budget.

The people generally accept the proposition that it is in the national interest to balance the budget. The goal of a balanced budget is an objective of Administration policy. There are two reasons that support convincingly a balanced budget policy. First, we want to balance the budget in order to protect the value of the dollar, and second, to make sure that we have a firm test of discipline that will keep us from spending beyond our means.

These are understandable and good reasons for wanting to achieve a balance budget. And the fact that these are good reasons, and the fact that the public earnestly wants the security of a balanced budget, makes it imperative to have the word "budget" and the word "balance" make sense. Certainly no one wants to balance a traditional system of financial record keeping. Certainly no budget that is a hodge podge of capital and current items can be "balanced" except by adding up columns of figures to see whether the totals are the same.

Budget Reform Program Needed

We need a budget reform program. A budget reform program is indispensable to a tax reform program. Otherwise the tax reform program will be constructed on shifting sands and will signify nothing. We need a budget reform program that will replace our present system of financial record keeping with a consolidated cash budget, and that will separate items that are clearly capital items from all the items that should be treated as expense, and financed by taxation. Then we shall know what the "budget" is and what "balance" means, and our aspiration for a "balanced budget" will be supported by clarity and purpose.

What are the obstacles to this budget reform program? I have been able to think of only three, although there may be more.

The first criticism is that if the budget reform program is adopted, showing that tax requirements are presently overstated by twelve billion dollars, the pressure for cutting expenditures will be eased, and Congress will become irresponsible in the making of appropriations. This criticism seems to me superficial. Even if the tax burden is reduced by twelve billion dollars, taxes will still be dangerously heavy, and every sound measure of expenditure reduction will still be required to get the burden of taxes down. Furthermore, Congress will not be deceived forever by faulty accounting. It is like a father who wants his son to drive the automobile only 45 miles an hour, and dopes up the speedometer so that it reads 65 miles when it is only going 45. This father would spend his time better is persuading the son that speeding is dangerous. The son will soon learn that the doped up speedometer can be safely ignored.

Another type of reservation comes from those who find the present accounting system convenient to their desires to keep taxes high, or to impose new forms of taxation. The desire to keep taxes high springs from a false base of tax requirements. As for those who want new forms of taxation, their arguments are just as sound with budget reform as they are under our present system of financial record keeping. But I must confess that even though their arguments will be just as sound, the urgency to act on them will be far less.

Finally, there is the understandable hesitation on the part of the Government to solve our Federal financial problem merely by changing the rules. It will require real courage in the Administration to recommend these long overdue changes in the statement of the Federal budget. Not only will the inertia of tradition have to be overcome, but there will be an inevitable amount of cynical comment that the Administration is attempting to balance the budget by definition. On the other hand, the first step toward a firm solution of our fiscal policy questions requires that these reforms in our budget be made.

Unfortunately, or perhaps fortunately, the Administration will be embarrassed either way. If it does not put through the budget reform program only because it will be embarrassed, it is sure to be embarrassed because it lacked the courage to do the right thing lest in doing so it would be embarrassed. Since embarrassment is probably unavoidable in either case, it might be better suffered in the cause of wisdom rather than in the cause of tradition.

I purposely have not introduced tables and charts into this testimony. And of course there will be much discussion as to whether any particular asset should be classified as a capital item or set up as an authority. The logic of budget reform is more important than detail. My studies of the budget convince me that your experts will find that on this logic, the present system of financial record keeping overstates tax requirements by twelve billion dollars annually — perhaps a little more, perhaps a little less.

In any case, this budget reform program will make it possible to eliminate the unfair and foolish discriminatory excise taxes and to eliminate them promptly, without imposing new taxes to take their place. With budget reform it is apparent that other taxes can also be reduced; and all this within the framework of a balanced Federal budget, and a sound Federal fiscal policy.

*A statement by Mr. Ruml before the Ways and Means Committee of the House of Representatives, Washington, D. C., Aug. 12, 1953.

Edwin A. Seasongood

Edwin A. Seasongood passed away at the age of 78. Mr. Seasongood was a Governor of the New York Stock Exchange between 1922 and 1929 and was founder of Seasongood & Haas formed in 1910. He retired in 1948.

Now Alvis & Co.

JACKSON, Miss. — The firm name of Kingsbury & Alvis, Lamar Life Building, has been changed to Alvis and Company.

J. A. Hogle Adds to Staff

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — John W. Donnan has become affiliated with J. A. Hogle & Co., 507 West Sixth Street.

With William R. Staats

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Wilford B. Turner has been added to the staff of William R. Staats & Co., 640 South Spring Street, members of the New York and Los Angeles Stock Exchanges.

With Standard Inv. Co.

(Special to The Financial Chronicle)

PASADENA, Calif.—Francis L. L. Niles is now connected with Standard Investment Co. of California, 87 South Lake Avenue.

Forest W. Shipley With Morgan & Co., L. A.

LOS ANGELES, Calif.—Forest W. Shipley has become associated with Morgan & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange, as Manager of the Trading Department. Mr. Shipley was formerly with Edgerton, Wykoff & Co. in charge of the trading department and prior thereto served in a similar capacity with Marache Sims & Co. In the past he was an officer of Quincy Cass Associates.

Forest W. Shipley

Rockford Dealers to Hold Annual Outing

ROCKFORD, Ill. — The Rockford Securities Dealers will again be host to the Securities Dealers of the State of Illinois at the annual Fling-Ding which will be an event of Thursday, Sept. 17, at the beautiful Forest Hills Country Club in Rockford. This event usually attracts a large group of dealers who seem to have the time of their lives. The Forest Hills Country Club has recently had a building program which makes their facilities among the most modern in the Middle West.

Sam Young, Chief Clerk in the Securities Division in the Secretary of State's office, has accepted an invitation to be present at the Fling-Ding and will give the dealers an exposition of the new Illinois Securities Law and an opportunity for the dealers to ask him questions on its various aspects.

The outing will begin at 12 noon. Golf, swimming and other entertainment will be features of the day. Tariff $12 per person. Reservations should be made with Robert G. Lewis, Trust Building, Rockford.

Lloyd B. Hatcher to Be White, Weld Partner

On Sept. 1, Lloyd B. Hatcher will be admitted to partnership in White, Weld & Co., 40 Wall Street, New York City, members of the New York Stock Exchange. Mr. Hatcher is an officer of the Trust Company of Georgia, and manager of the investment department.

With Hess Inv. Co.

(Special to The Financial Chronicle)

QUINCY, Ill.—Wayne L. Earls has been added to the staff of Hess Investment Company, Illinois State Bank Building. Mr. Earls was formerly with Slayton & Co.

Professional Service Plan

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Professional Service Plan has been formed with offices at 650 South Grand Avenue to engage in a securities business. Officers are: Dr. Maurice Smith, President; H. Daniel Wells, Secretary-Treasurer, and Howard Neal, Vice-President.

Main St. Securities Dealer

(Special to The Financial Chronicle)

PEORIA, Ill.—Donald J. Risser has formed the Main Street Securities Dealer with offices in the First National Bank Building to engage in the securities business. Mr. Risser was formerly connected with Waddell & Reed, Inc.

Heads George "Jr. Republic" Fund Campaign

Carl I. Wood, Executive Vice-President of Thomas J. Lipton, Inc., accepts general chairmanship of 1953 campaign for funds totaling $411,732.

Carl I. Wood, Executive Vice-President and a Director of Thomas J. Lipton, Inc., has accepted the general Chairmanship of the 1953 campaign for maintenance funds totalling $411,732 for the George "Junior Republic," it was announced by Donald S. Stralem, Chairman of the organization's Board of Directors, and a partner in Hallgarten & Co., investment bankers of New York City. Mr. Wood is serving for the second consecutive year as general Chairman of the fund drive for this unique youth community.

The George "Junior Republic," founded in 1895 near Ithaca, N. Y., first established the principle of giving teen-aged boys and girls the responsibility of complete self-government. The 600-acre community resembles a small New England village, with its own chapel, school, farm, newspaper, small homes, bank and store. It is hoped that the present population of 125 boys and girls soon may be increased. The citizens, ranging in age from 13 to 19, come from all over the United States but mostly from the Greater New York metropolitan area.

The "Junior Republic" has for 58 years served as a model for schools all over the world. The young citizens write and enforce their own constitution and laws; enact legislation at monthly Town Meetings and enforce the laws at weekly court sessions. In realistic preparation for later life, all citizens must apply for jobs and earn wages in specially coined Republic currency with which all transactions are conducted within the community. They are paid for their work in every area of community life—including effort and achievement in school or other training areas; they must pay in turn for their own room, board, clothing and snack bar purchases out of their earnings.

Earl E. Bond With A. M. Kidder & Co.

(Special to The Financial Chronicle)

FT. LAUDERDALE, Fla.—Earl E. Bond has become associated with A. M. Kidder & Co., 207 East Las Olas Boulevard. Mr. Bond was formerly with Schirmer, Atherton & Co. and Walston, Hoffman & Goodwin in Hartford, and in the past conducted his own investment business in Hartford for many years.

Gold Coin as Merchandise

By PAUL EINZIG

Dr. Einzig relates history of the coining of British sovereigns in Italy and the legal decisions both in Italy and Switzerland denying this is counterfeiting. Outlines four courses British authorities could take to resist unauthorized issue of sovereigns. Suggests international convention to define what is meant by currency.

Dr. Paul Einzig

LONDON, Eng.—Are sovereigns and other gold coins which no longer circulate in their countries of origin a currency or a merchandise? There is reason to expect that before very long the Law Courts of more than one country will have to pronounce a judgment on this question. It has arisen in connection with the counterfeiting of sovereigns by a syndicate in Italy. The coins they produce are of full weight and fineness. In spite of this it is profitable to produce them, for coins are at a premium of between 25 and 35% over the value of their gold contents. This is because coins are much more suitable for hoarding purposes than gold bars, and because the official Mints have practically ceased to produce them. There is a strong demand for gold coins in the East, and also in countries nearer home. Some enterprising Italians have taken advantage of this and have been producing sovereigns and other gold coins on a large scale.

Last year the British authorities intervened. They requested the Italian Government to initiate criminal proceedings against the unauthorized manufacturers of sovereigns, on the basis of the International Convention on Counterfeiting. The Italian Government complied with the request. Warrants of arrest were issued against the individuals concerned, and their equipment and "raw material" (some 20 kilos of gold bars) was seized. Two of the accused succeeded in escaping to Switzerland, whereupon the Italian Government approached the Swiss authorities for their extradition.

The Federal Tribunal of Geneva refused, however, to order the extradition of the two individuals, on the ground that, since sovereigns are no longer a currency in Great Britain their production by unauthorized persons could not be regarded as counterfeiting, any more than could the production of silver Maria Theresa dollars which served as a trade coin in Africa.

Quite recently this decision was confirmed by the Italian Law Court which decided to release the arrested individuals and to restore to them the equipment and gold serving for the minting of sovereigns. Like the Swiss Law Court, it took the line that sovereigns have long ceased to play the part of money in Great Britain, and that, since the unauthorized specimens are of full weight and fineness, there is no ground for criminal prosecution.

These legal decisions caused considerable concern in official circles in London. The idea that anybody is now legally entitled, at any rate in Switzerland and in Italy, to mint sovereigns and put them in circulation, is not accepted by the Royal Mint, the Bank of England or the Treasury. We may safely assume that we have not heard the last of this matter.

Four courses are open for the British authorities if they want to resist the unauthorized issue of sovereigns. They could themselves issue sovereigns on a large scale and reduce the premium to a level at which it ceases to be profitable for unauthorized mints to coin them. Or they could try to appeal to higher Courts in Switzerland and Italy against the judgments. Or they could try to arrange another International Convention on Counterfeiting, with the object of revising the definition of the meaning of "currency" so that it should be quite clearly unlawful to coin sovereigns. Finally they could initiate legal proceedings under the Merchandise Marks Acts of the countries concerned.

The solution of competing with the unauthorized producers of sovereigns is not expected to be adopted. It would mean that a large part of the British gold reserve would disappear in hoards in various parts of the world. The International Monetary Fund would raise objections, and the practice would be regarded as not being in keeping with the dignity of a first-rate country. In any case, Britain has no gold to spare for the purpose.

It would be risky to appeal against the two judgments, because the result of the appeal would depend on the view the higher Courts would take about the definition of "currency." The official British view that under British law sovereigns remain legal tender until their monetary use is discontinued by the issue of a Royal Warrant is not likely to be accepted by foreign judges. They may feel that the first definition of money contained in *Genesis* (XXIII, 16) according to which Abraham paid for the purchase of the cave of Machpelah "four hundred shekels *money current with the merchants*" is as good a definition as any that has been put forward during the last four thousand years. And it is difficult to get away from the fact that sovereigns have long ceased to be "money current with the merchants."

There is much to be said for a new Convention to redefine the meaning of currency, but in this respect, too, there is the risk that the British point of view might not appeal to the majority of other participants. In any case, in order to make the ban on unauthorized production of sovereigns watertight, it would be necessary to obtain the approval of practically all countries. Otherwise it would always remain possible to mint sovereigns in one of the dissenting countries.

There remains the possibility of taking action on the ground that the unauthorized production of sovereigns is an offense under the Merchandise Marks Acts. Practically all countries have outlawed the false application of trade marks or the sale of goods with false trade marks. If the foreign Law Courts accept the view that sovereigns, not being a currency, are a merchandise, they could not reasonably refuse to take action against their unauthorized production. And if the judges refuse to admit that sovereigns are a currency they could not escape the conclusion that sovereigns are a merchandise the value of which is guaranteed by their "merchandise mark." It would not be surprising if the British authorities decided to resort to this line of action rather than allow unauthorized persons to coin sovereigns with impunity.

Gersten & Frenkel Offer Scillitoe Stock

Gersten & Frenkel, investment brokers, of New York City, are offering publicly 298,000 shares of common stock (par one cent) of Edgar L. Scillitoe, Inc. at $1 per share.

Of the net proceeds, $75,000 will be used to acquire plant for manufacturing facilities; $102,000 for machinery and equipment; and the remainder added to working capital.

The Scillitoe corporation was incorporated in New York on Aug. 9, 1951. Its activities are divided into two chief categories. First, its laboratory does research engineering in electronic, electro-mechanical equipment and precision instruments, not only for the company, but for the government and large industrial firms as well.

The company has now entered, and is increasing its research activities, in the newest field of all, microwaves. The second phase of the company's operations involves the manufacture of electronic and electro-mechanical devices for civilian and governmental uses.

The laboratory's most recent contribution is its "Tube-Life-Predictor," an electronic analyzer for which patents have been applied.

New York Stock Exch. Weekly Firm Changes

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

Barbara J. Parsons will retire from partnership in Jacquin, Stanley & Co. on Aug. 31.

William P. Banning will withdraw from partnership in Shearson, Hammill & Co. Aug. 31.

Economic Readjustment Deferred, Not Checked!

Henry H. Heimann, Executive Vice-President of National Association of Credit Men, holds current monetary policies defer, but do not solve readjustment problem that eventually will come.

Henry H. Heimann

Writing in the "Monthly Business Review," issued by the National Association of Credit Men, Henry H. Heimann, Executive Vice - President of the organization, warns that recent moves of the monetary authorities to relieve the tight money market defers, but will not prevent a readjustment "that will eventually come."

"The action of the monetary authorities has certainly stabilized interest rates for the time being and eased the stringent credit structure of the nation," Mr. Heimann states. "To a degree it has also bolstered the financial markets and contributed to a maintenance of high business activity. Many people will say, therefore, that such a policy must be a good policy. But they do not reckon with settlement day. Such policies merely prolong the day of meeting the issue. They defer rather than solve any readjustment problem that will eventually come. A credit inflationary policy may be justified under existing conditions if held strictly to a short-range practice. It is totally unjustified if continued for any great length of time. Certainly it would appear that, committed as the Administration is to a sound dollar, they have no intention to further depreciate the purchasing value of the dollar by permanently resuming inflationary monetary practices.

"Business, no doubt, will remain generally active during the last six months of the year though, as previously suggested, it may not be maintained at existing high levels. It is difficult to prognosticate business at any time and more so when the natural factors are circumvented by governmental policies. While there was no indication of a serious decline during the second half-year there were straws in the wind that pointed to a business slowdown. The monetary policy pursued at present, which was inescapable in view of the government's needs and the present economic and political conditions, may have temporarily deferred the heavier readjustment. As stated earlier, however, it has not prevented it. Economic trends, like human beings, have their resting periods and we have been producing in such large quantities and expanding so rapidly in all directions that a readjustment is inevitable. No one can predict exactly when it will come, and we have had a planned economy so long that no one can tell in advance what the architects of a planned economy may do to either defer the trend or to cushion it.

"The extension of the Excess Profits Tax has enabled the Administration to refute the opposition charge that business was being favored over the individual in tax relief," Mr. Heimann points out. "That, and not its revenue producing character, was the primary reason for its extension. It is a type of tax that can be justified neither for the revenue it produces nor on any basis of sound economics. Had individual tax rates expired on June 30 the excess profits tax levy would have been out. It is, therefore, a price to be paid for poor synchronization of tax law expiration dates."

$750 Million Residential Air Conditioning Industry Predicted Within Four Years

Ned Cole, Chairman of Air Conditioning Committee of the National Association of Home Builders, sees a ten-fold growth in the next few years. Says FHA and VA do not give air conditioning support it deserves and needs. Richard B. Hughes criticizes government housing restrictions.

Ned Cole

According to Ned Cole, Chairman of the Air Conditioning Committee of the National Association of Home Builders, a $750,000,000 residential air conditioning industry is in the making and may be attained in the next three or four years — whereas right now it's a $75,000,000 industry.

At a two-day meeting of the Committee in New York City, Mr. Cole said that the industry must consolidate itself and "present a solid front" if it is to score this ten-fold advance and reach the three-quarter-billion-dollar figure.

"We must have this solid front because under present conditions the FHA and VA do not have adequate information and assurance to give the air conditioning field the support, in financing of installations, that it deserves and needs.

"The first step in achieving this goal is the pooling of reasearch data by manufacturers, so that a standard base for overall design requirements can be worked out.

"In the heating industry contractors and builders are able to install systems based on standard measurements of heat loss and heat gain. But in the air conditioning industry each manufacturer has his own set of figures on heat losses and other pertinent data.

"That is why the FHA and VA in Washington cannot give the air conditioning field the full support that it deserves. The FHA and VA need a standard to go by. What we need is a streamlined financing plan in order to reach the mass home market. The FHA can give us this—if we give them the tools.

"It is up to all elements of the air conditioning industry, for their own good and the good of the consumer, to get together."

Richard G. Hughes, Vice-President of National Association of Home Builders, and a prominent builder from Pampa, Texas, stressed that present government housing agency practice on the local level does not permit design changes which sharply reduce building costs. He said these design adjustments are needed for efficient installation and operation of air conditioning units, particularly for small houses in the lower price brackets.

Mr. Hughes praised the advances made by the air conditioning industry in the design of equipment for the residential market and urged that the trend be continued.

At the present time, Cole and Hughes explained, loan applications in which air conditioning is involved are being handled by FHA field offices because of the need for knowledge of local conditions, whereas ordinarily building loan applications are handled in Washington.

In order to reach desired standards in the field, Cole suggested, test villages could be constructed throughout the nation in a cooperative undertaking of air conditioning manufacturers and the building industry. Data from these tests would form the nucleus for a set of uniform air conditioning requirements with which all builders of government-financed housing could comply.

John Baas V.-P. of Edw. G. Taylor & Co.

CINCINNATI, Ohio—John Baas has become associated with Edw. G. Taylor & Co., Inc., St. Paul Building, specialists in municipal and revenue bonds, as Vice-President and Director. Mr. Baas for the past 11 years has been with Westheimer & Co. as manager of the municipal bond department. For the past 34 years he has been actively engaged in underwriting and distributing municipal and revenue bonds, specializing in the States of West Virginia, Ohio and Kentucky.

Smith, Hague to Admit S.R. Noble & R. Delaney

DETROIT, Mich.—On Sept. 1, Smith, Hague & Co., Penobscot Building, members of the New York and Detroit Stock Exchanges, will admit Sheldon R. Noble and Roy F. Delaney to partnership. Mr. Noble is a partner in White, Noble & Co., resident in Detroit. Mr. Delaney has been associated with Smith, Hague & Co. as manager of the investment department.

New Officers

CHICAGO, Ill.—Martin Simon is now President and Treasurer of Ladue & Co., 11 South La Salle Street. Norman Karlin is Secretary.

R. L. Coleman Opens

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Robert L. Coleman, III, is engaging in a securities business from offices at 41 Sutter Street.

Bache Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Donal M. O'Neil is now connected with Bache & Co. National City, East Sixth Building.

Westheimer Adds

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio—William C. Gay has been added to the staff of Westheimer and Company, 30 East Broad Street.

With Frank Edenfield

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla. — Mrs. Ruth M. Cologne has joined the staff of Frank L. Edenfield & Co., 8340 Northeast Second Avenue.

With Eldredge Tallman

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla. — Mrs. Nelda T. Dunne is connected with Eldredge, Tallman & Co. of Chicago.

World Bank Reports Profit Gain

For fiscal year ended June 30, 1953, net income is placed at $18,485,411 compared with $15,872,883 for same period year ago. Reveals no delinquencies in loan repayments.

The International Bank for Reconstruction and Development, on August 11, reported net income of $18,485,411 for the fiscal year ended June 30, 1953, compared with $15,872,883 for the preceding fiscal year.

This income was placed in the Supplemental Reserve against losses on loans and guarantees, and raised the Reserve to $76,513,511. Loan commissions amounted to $9,551,822 and were credited to the Bank's Special Reserve, increasing that Reserve to $37,236,477.

The Bank's total reserves at the end of the fiscal year were $113,749,988.

Gross income, exclusive of loan commissions, was $42,839,207, compared with $35,188,744 in the preceding fiscal year. Expenses totaled $24,353,796, including $5,724,270 of administrative expenses and $18,629,526 of bond interest and other financial expenses.

The Bank made ten loans totaling the equivalent of $178,633,464 during the year, bringing total loan commitments at June 30 to $1,590,766,464. Disbursements during the year were $226,756,982, compared with $184,777,004 during the preceding year. Cumulative disbursements to June 30 amounted to $1,103,261,115.

All repayments of principal due during the year were received, and some borrowers made payments in advance. Of the total of $2,328,028 received, $245,000 was prepaid by the Banco Nacional of Nicaragua and $302,000 by Denmark. Borrowers also repaid $17,837,948 on loans sold by the Bank to investors. This sum included $6,000,000 of prepayments by shipping companies in the Netherlands and $500,000 by Belgium.

Bonds of the Bank sold to investors during the year amounted to $71,600,000. An issue of $60,000,000 was sold in the United States, and an issue amounting to 50,000,000 Swiss francs (approximately $11.6 million) was sold in Switzerland. The Bank also arranged in June another issue of Sw. fr. 50,000,000 to be dated July 1, 1953. Total issues of the Bank outstanding on June 30 amounted to $556,374,002.

During the year, the Bank sold $13,637,966 of securities from its loan portfolio, including $5,333,821 without the Bank's guarantee. The cumulative total of portfolio sales at June 30 was $70,014,654, of which $20,211,508 had been sold without guarantee.

Germany, Japan and Jordan became members of the Bank during the year. On June 30, 54 countries were members of the Bank, and the total of subscribed capital was $9,036,500,000.

The Capital Gains Tax —An Inequitable Tax

By EDWARD T. McCORMICK*
President, The American Stock Exchange

Mr. McCormick brands the Capital Gains Tax as inequitable and extraordinary, and points out, because capital gains are not income, no other important nation imposes a tax upon them. Offers specific recommendations for revising the tax.

I recommend specifically that the long-term capital gains period be reduced from six months to three months, or less, and, in addition, that the rate of the tax be lowered, by reducing the present 26% maximum tax to 13%, and by reducing the includable gains from 50% to 25%.

E. T. McCormick

In my opinion, adoption of such a proposal would be beneficial not only to the United States Treasury, by reason of the resulting increased volume of long-term transactions, but beneficial as well to investors, the securities business and our corporate enterprises generally.

Indeed there are so many valid reasons for amendment of this tax measure and so little reason for its retention in its present form, that I am a bit surprised that it has lasted in the Internal Revenue Code as long as it has.

It is an extraordinary tax, to begin with. For capital gains are not income, and no other important nation imposes a tax upon them, recognizing such gains for what they are as purely increases in capital. In this light, neither Great Britain nor Canada, as sorely in need of income tax revenue as they have been, has ever deemed it appropriate to impose upon its people a tax on capital gains.

It is, moreover, an inequitable tax, for in inflationary periods such as we have had in the past several years, it has the paradoxical effect of taxing away a significant portion of a gain which may not in fact exist. For example, if an individual purchased stocks for $2,000 in 1939, which now had a value on the market of $4,000, a present sale would result in the imposition of a 26% maximum tax upon the $2,000 long-term gain. And yet, the purchasing power of the invested dollars has not increased and, after taxes, the individual would have incurred a substantial loss in capital as compared with this purchasing power position in 1939.

While the Congress apparently appreciated the absence of reality in the capital gain so far as certain real estate transactions are concerned, it has failed to take cognizance of the comparable problem confronting those who invest in industrial enterprises.

As a source of Federal revenue, the tax in its present form is self-defeating, reducing rather than increasing potential income. And, contrary to sound policy, it discourages rather than encourages investment and the growth of our free economy.

Assuming the existence of a paper profit after six months, the investor is then in a position where any sale will reduce his capital position. Since the tax is a voluntary one, in the sense that unless he sells and realizes a gain, no tax is imposed, his natural inclination, all things being equal, is to refrain from selling. Consequently, the government receives no tax revenue, and will receive none on that particular transaction unless the individual sells in his lifetime.

During the years 1948 through 1951, the Federal revenue from the capital gains tax was not an important factor. In that period it never exceeded more than 2.9% of total tax receipts and since 1942 has never exceeded 4% of such receipts. It would seem to me that one of the simplest means for increasing the amount of such revenue, would be to reduce the capital gains period and the rate of the tax in line with my proposal. For I firmly believe that, with a shorter period and a reduced tax, the volume of capital gains tax transactions would be magnified considerably, with a consequent increase in the amount of tax received by the government.

It is entirely logical to assume that a reduced tax would afford a persuasive selling incentive to those now locked in with substantial capital gains.

And a concomitant reduced term, lessening the period of risk in these days of national and international uncertainty, should result in increased equity investments generally. In this connection, it may be noted that the present six months' period is a wholly arbitrary line of demarcation and has no logical support in investment experience. If, for example, I were asked where trading ended and investment began, I should say that a period of 30 days would be more realistic. In my mind any person who holds a position for more than 30 days may reasonably be deemed an investor both in a practical and a literal sense. Those who go into the market purely for trading purposes are customarily in and out within a period of a week, and, certainly in less than 30 days.

To the extent that the period is shortened and the rate reduced, to that extent will investment risk be reduced, the liquidity of equity investment be magnified, and the volume of such transactions multiplied.

I sincerely hope that some such amendment will be adopted in the not too distant future, not only in the interest of investors but in the general public interest, as well.

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

Pierce Carrison Adds

(Special to THE FINANCIAL CHRONICLE)

JACKSONVILLE, Fla.—Edward A. Lembeck is with Pierce-Carrison Corporation, Barnett National Bank Building.

R. L. Scheinman Admits

R. L. Scheinman & Co., 40 Exchange Place, New York City, members of the New York Stock Exchange, will admit Annette Scheinman to limited partnership on Aug. 27.

Thomson-McKinnon Admit

Thomson & McKinnon, 11 Wall Street, New York City, members of the New York Stock Exchange, on Sept. 1 will admit Barbara G. Teichgraeber to limited partnership.

With Keenan & Clarey

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — William L. Kennedy has become affiliated with Keenan & Clarey, Inc., McKnight Building.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government market is paying more attention each day to the Sept. 15 financing because the guesses as to what the Treasury might do in the coming refunding is having an important influence upon the attitude of investors in their current operations. The opinions that an intermediate-term issue as well as a long-term obligation might be part of an option deal has had some effect upon the outstanding marketable securities that fall in these classifications.

Although a short-term obligation is taken largely for granted in the September operation, the demand for near-term securities is still very sizable and no important let-down is looked for in this type of investing. The intermediate-term issues have lost some of their glamor for the moment, despite the fact that the attractive after tax yield does bring in buying when quotations recede. The 3¼s due 6/15/78-83 continue to act well even though there is a temporary cloud over this issue because of the opinions here and there that there could be a reopening of this obligation in the September refunding.

Agreement on "Basket Offering"

The old guessing game is again being played by the government market, and this is not an unusual development when there is an important refunding or new money operation about to be undertaken by the Treasury. This time it is the Sept. 15 refunding which is the focal point of the conjectures that are being made by followers of the money market. First of all, there seems to be definite areas of agreement such as the opinion that there is quite likely to be a "basket offering" to the owners of the maturing 2% bonds. Secondly, there seems to be a very general feeling that a one-year 2⅝% issue will be one of the securities which will be in the combination refunding offer that the Treasury will make. However, the possibility of a reopening of the recently offered 2⅝s of Aug. 15, 1954 is not being overlooked, but this idea is not being taken too seriously at this time.

Some Other Possibilities

As to what else might be in the "basket" is a matter of considerable difference of opinion. However, it seems as though an intermediate-term obligation gets considerable of a following, with a coupon rate of 2⅞% being heard as the one most likely to be used. As to the maturity of a 2⅞% issue, there appears to be considerable opinion that it might be a four-year obligation. This would mean a maturity in 1957, a year in which the Treasury does not have a large amount of securities coming due.

On the other hand, there are not a few who believe that a 3% coupon rate might be used by the Treasury, but they admit that such a rate, for a short bond, might not have a favorable effect upon the government market as a whole. The guesses that are being made appear favor 1960 or 1961 as the maturity years for a security longer than a note. Again in 1960 and 1961 there are very small amounts or no bonds at all falling due.

The other guesses as to what might be used in the coming refunding concern a long-term obligation, such as the 3¼s due 6/15/78-83. There are quite a few who believe that there might be a reopening of this issue as part of the "basket" that will be offered to the owners of the maturing 2s of Sept. 15. They point out that some holders of the 2s would be inclined to take the 3¼s.

A One-Year Maturity Likely

To be sure, what the Treasury will use in taking care of the large September maturity is something that cannot be indicated yet, but it does seem from the composition of the owners of the maturing 2s that a one-year maturity or thereabouts will have a very prominent place in the refunding. As to an intermediate-term obligation, the market seems to be expecting such an issue from the way in which it has been acting. A short bond is also a possibility and it may be that there will be more indications of such an obligation as time goes along.

Whether or not there will be a reopening of the 3¼s will depend a great deal upon what the Treasury gets in the way of information from the coming conferences. If there should be indications that an important amount of the 3¼s would be taken in the exchange then the Treasury would most likely make them part of the package. On the other hand, if there should be very few takers of the 3¼s for the 2s, then there will probably be no offer of the 3¼s. At the present time, it seems as though the prospects of the 3¼% being reopened in the coming refunding are not too good, according to some followers of the money market.

The yield after taxes is going to be a point of real importance in the coming refunding, because many owners of the maturing 2s are concerned with this phase of the situation. The outstanding discount issues have considerable attraction from that standpoint.

Chicago Title & Trust Appoints Two V.-Ps.

CHICAGO, Ill. — Advancement of two men to the position of Vice-President was announced by Chicago Title and Trust Company.

George L. Emrich, Jr., Trust Officer and Assistant Vice-President, was elected a Vice-President in the Trust Division. Glenn M. Trumbo, Assistant Vice-President in the Investment Division, was elected a Vice-President in this division. The appointments were announced by Holman D. Pettibone, President.

Mr. Emrich joined Chicago Title and Trust Company in 1947 to head the Trust Division's investment counsel service. He has had wide Chicago investment experience and for more than a decade his own business. He is the Treasurer of the Investment Analysts Society of Chicago.

Mr. Trumbo has been associated with the company since 1929 and since 1945 has had responsibility for the investment research department. He is a past President of the Investment Analysts Society of Chicago and is a member of the National Committee on Corporate Information.

Manley, Bennett Co. To Admit Partners

DETROIT, Mich.—Manley, Bennett & Co., Buhl Building, members of the New York and Detroit Stock Exchanges, on Sept. 1 will admit Richard A. Adrian, member of the New York Stock Exchange, and Henry G. Gildner to partnership. Mr. Adrian, who has been active as an individual floor broker, will make his headquarters in New York City.

With John G. Kinnard

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Robert S. Sinkey has joined the staff of John G. Kinnard & Company, 133 South Seventh Street.

With Minneapolis Assoc.

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Clarence S. Johnson is with Minneapolis Associates, Inc., Rand Tower.

Slayton & Co. Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Robert B. Brown has been added to the staff of Slayton & Company, Inc., 408 Olive Street.

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As We See It

times with good support at the other end of Pennsylvania Avenue and sometimes without it—has made a start in pruning outlays. It has, over the protests of a number of entrenched advocates of spending, succeeded in cutting a considerable amount of fat—although we suspect not nearly all of it—from the defense program. At various other points it has made observable headway in reducing expenditures. The trimming of various executive departments has been drastic as measured by any standards of recent years. This, too, probably leaves something further to be desired, but, all in all, it is highly probable that a point of diminishing returns has been reached in this type of economizing. Further really significant accomplishments will in all probability have to come from a reduction, a substantial reduction, in the functions the Federal Government undertakes—and it is here that a multitude of vested interests in the public trough really rise in wrath.

To Test Its Mettle

Here it is that the mettle of the Administration will really be tested. Failure to come to grips with it at that time could hardly be regarded as other than a definite disinclination to do what is obviously necessary to get our financial house in order. Against this background the developments in the case of wheat last week call sharp attention to a situation which the present Administration is finding exceedingly troublesome.

To the politicians who, incidentally, have regularly encouraged the notion, it has long been clear that the farmer has grown to regard himself as having some sort of "natural right" to largesse from the rest of us, and, what is more to the point with the professional politician, intends to have it or else. The farmer, of course, has long been regarded with favor and fear by the politicians. He has been coddled almost from time immemorial. His demands upon and his receipts from a friendly and fawning government have been growing for a long time.

During World War I special subsidies, or what amounted to such, professedly in the interest of needed enlargement of production, created absurdly unsound conditions throughout American agriculture. A basis was then laid for a decade or more of rural distress, and ultimately for the various subsidies which President Hoover, the New Deal and the Fair Deal have managed to think up. These subsidies themselves have, of course, created conditions which would expose many farmers to something like disaster should they be suddenly withdrawn. Some such result as this can usually be counted upon when politicians tamper with the natural course of economic events. Politically, any attempt to remedy this situation is loaded with high explosives—a fact which the Administration is finding out. Yet we can hardly go on indefinitely taxing ourselves heavily to keep an agriculture going which has no economic justification.

Other Situations

But this farm situation is only one of several that present corresponding difficulty for the Administration. Another which comes at once to mind is the veteran. These former soldiers, sailors and marines, too, have become a political force (or should we be blunt and say lobby) of great vitality. Although the educational program following upon demobilization after World War II is now completed, with the result that this type of outlay has been substantially reduced, it is still true that continuing expenditures in this area—all too many of them in no way related to military service—simply beggar the pension system which they presumably replace and which was for many decades regarded as one of the major scandals of national public finance. Few politicians have much stomach for this problem. They almost unanimously have shown interest only when some proposal for broadening benefits and adding to the fiscal burden come forward.

Then, of course, there are the multifarious programs which together make up what is loosely termed social security. The cost of these is partly evidenced in the budget. Elsewhere it takes the form of assumed obligations, the exact dimensions of which remain for the future to disclose. Here is another political untouchable. Even an Administration firmly set on fiscal renovation, far from determined to reduce this drain upon the taxpayers, is actually demanding broadened scope and liability for the Federal Government. Let no one suppose that all the nonsense about "contributions" and "reserve funds" in any way eliminates the fact that the basic financial position of the Federal Government is weakened not strengthened by this complex of transactions so concealed from the unwary eye by bookkeeping folderol.

There is similarly all the multiplicity of semi-socialistic governmental operations like the TVA and the interminable list of regulatory activities like the SEC—all costing money and all still more expensive by reason of their interference with the normal operations of private enterprise. The field is ripe unto harvest—but can we summon the common sense and the courage to proceed with the reaping?

D. W. Chambers With Associates Inv. Co.

SOUTH BEND, Ind.—Associates Investment Company has appointed Douglas W. Chambers as its eastern commercial paper representative, with headquarters at 250 West 57th Street, New York City, Robert L. Oare, Chairman of the board, announced. Mr. Chambers was formerly with Kidder, Peabody & Co.

Associates Investment Company is one of the nation's major automobile finance firms and in 1952 its business volume exceeded a billion dollars.

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What About the Gold Standard!

The result has been an enormous increase in the national debt: from $43 billion in 1940 to $260 billion today. A considerable part of the securities sold by the government were acquired by the Federal Reserve banks and the commercial banks which issued newly printed currency and created new bank deposits to pay for them. Government debt has been simply transformed into an excessive quantity of money.

A return to sound government finance can halt this inflation, but it gives no assurance that the inflation won't be resumed at any time. What is needed, besides, is *a kind of money that can't be inflated,* that by its very nature will continue to be a stable measure of value and a highly desirable medium of exchange.

No money is perfect, but some kinds are better than others. Some money is so bad that a nation's indulgence in it brings economic ruin. The most important test of a money's quality is whether it can remain free from the influence of those who would like to increase the quantity of it without limit, progressively reducing its value.

Money is, of course, only one element in an economy; and even the best form of it wouldn't be the solution to all economic problems. But a bad money creates a very serious situation that need never arise. Many thinking people have come to see this, and the weight of opinion grows that the only certain way to prevent further depreciation of the dollar is to return to the gold standard.

Why We Need a Sound Money Standard

Our money today consists of paper currency and silver and base-metal coins. At the Treasury and the banks pieces of paper currency are redeemable only with other pieces of paper currency, and to a limited extent with silver coin worth much less than its face amount. Our currency obtains its value only from the fact that it is accepted by those who want to exchange goods and services for it.

One might suppose this would be sufficient to make an irredeemable currency a good enough form of money. "Why be concerned," you might ask, "whether paper money is redeemable in something of tangible value if it can be exchanged readily for all the things people need and want?"

There is real reason for concern. When a currency is not limited in quantity by the requirement that it has to be redeemed with something that is itself valuable, the government can pump into circulation as much as it pleases. On first thought, a person might say, "That's fine, the more money the better!" But the more money there is, like anything else, the less valuable it becomes. When potatoes, steel, corn, or cotton glut the markets their value falls —their prices go down. So with money: When more and more of it enters circulation it buys less and less.

The gold standard is nothing new, either in the United States or elsewhere. It has brought monetary stability to many countries. Its abandonment—whether by reason of poverty, political scheming, or ingenuous experimentation—has invariably led to monetary chaos. Countries that have left the gold standard have almost always returned to it, after enduring various degrees of inflation from quite moderate to extreme. It would be a sad experience for us to suffer the consequences of extreme currency inflation before we applied the known and proved remedy—a currency redeemable in gold. We should take to heart the lessons of the past and act upon them *before* our currency has been completely damaged.

What Kind of Money Standard Have We Now?

Gold has been the money standard of the United States during the greater part of its history. Early coinage legislation provided for a bimetallic standard under which both gold and silver were minted. After 1834, when silver was undervalued and driven from circulation, gold became firmly established, although not directly by legislation, as the money standard. During the Civil War, because of inflationary government finance, the country adopted a paper-money standard which fluctuated widely in value for 17 years. In 1879 the currency again became redeemable in gold.

From then until 1933 gold remained the standard money of the country; every other form of domestic currency was freeely exchangeable for it. When the government left the gold standard in 1933 and arbitrarily refused to redeem paper money with gold, all gold coin was withdrawn from circulation and all contracts requiring payment in gold were required by law to be broken.

The dollar has continued to have a theoretical relationship to gold. The law requires a minimum gold reserve of 25% for the currency and for the deposits held by the Federal Reserve banks; and foreign governments and central banks are allowed to obtain gold bullion in exchange for dollars. *But American citizens are not.* No short phrase can define our present money standard. Perhaps the best description of it is "a domestically inconvertible international gold bullion standard." So far as Americans are concerned, it is in no sense whatever a gold standard, for they aren't allowed to exchange their paper money for gold.

Just What Is the Gold Standard?

Gold has been a primary money metal for thousands of years. In ancient times, throughout the Middle Ages, and down to the present it has been considered one of the most desirable of all material things. Because of the universal preference for it, and because of the various attributes that make it easy to handle and reckon with, it has always been accepted as money in one form or another. With the development of monetary systems throughout the world, and as banking and credit came more and more to facilitate commercial transactions, the value of gold became the point of reference to which all other values were compared.

The principal feature of the gold standard is that the other forms of a nation's money are freely exchangeable for gold. Under it the value of an ounce of gold is maintained at a fixed number of dollars: A five-dollar gold piece contains five dollars' worth of gold, a 10-dollar gold piece 10 dollars' worth, and so on. If a gold coin were melted into a nugget, the nugget would be worth just about as much as the coin. Under the gold standard paper money is as good as gold itself, for it is redeemable in gold.

There could be some other standard that would give a nation's currency real value through the right to exchange it for the standard money-material—silver, platinum, or diamonds, for instance, or even wheat or pigs. But silver is plentiful and comparatively cheap; platinum is too scarce; diamonds are difficult to appraise and can't be divided into convenient units; wheat varies in quality and is perishable; and pigs are awkward to handle. There is nothing sacred about gold that makes it a good money-material. It has no mystical properties. It is simply the best all-round commodity for money purposes, and has proved to be so for thousands of years.

Although there are several variations of the gold standard, the best, the most practicable, and the most democratic, is the *gold coin standard.* Under it any citizen can exchange whatever currency he has for gold coins in convenient denominations.

The *gold bullion standard* is more limited. Under it only bars of gold worth large sums can be obtained in exchange for currency. This variety of the gold standard, although it makes gold coinage unnecessary, prevents the man of small means from exchanging his paper money for gold should he want to do so.

The *gold exchange standard* is used by countries poor in gold to maintain their currencies at an established ratio to it, although most of the gold is kept in foreign countries and serves to balance foreign exchange transactions. Under it, the amount of domestic currency varies as the country's balance of trade is "favorable" or "unfavorable."

What is sometimes considered a variant of the gold standard is the *international gold bullion standard.* It permits the use of gold only in transactions between countries but doesn't allow redemption of a nation's own currency in gold. It is a feeble form of the gold standard if, in fact, it is a form of it at all.

For the non-economist it is sufficient to have in mind that a true gold standard permits him to exchange his paper money for gold in unlimited quantities, at a fixed amount of gold for each dollar, and do what he pleases with the gold.

Technically, a real gold standard operates under the following conditions: (1) the country's money unit is the equivalent of an established amount of gold, (2) all other forms of domestic money are exchangeable at face value for gold, (3) no limit is placed on the amount of gold that may be brought to the mint for coinage, (4) gold is fully legal tender in payment of all obligations, and (5) there is no restriction on the amount of gold that can enter or leave the country.

Some people have the mistaken idea that under the gold standard only gold coins and minor metallic coins would circulate—that paper money would be done away with. Actually, when the gold standard is in operation very little gold passes from hand to hand. Under the gold coin standard anyone can obtain the coin and keep it or spend it as he pleases, but the paper currency to which we are accustomed would continue to circulate. In appearance it would be just about as we know it today except for the words printed on it in small letters.

Under the gold standard, our money structure (which consists of Federal Reserves notes, silver certificates, "greenbacks," silver coin and minor coin, as well as all bank deposits) would rest on a base of gold held by the Federal Reserve banks or the Treasury. Those institutions would be required to redeem all other forms of money with gold whenever requested. All money in circulation would thus be the equivalent of gold.

Another mistaken notion about the gold standard is that the currency would have to be backed by a 100% gold reserve. Experience with the gold standard in the past has shown that a 40% minimum gold backing is adequate. Other assets would secure the balance. It is no more necessary to maintain a 100% gold reserve than it is for a commercial bank to keep cash on hand equal to all of its deposits.

Under the gold standard, bank deposits are convertible into gold just as currency is, although they are a step farther back in the conversion process. That is, the balance of a bank account is convertible into currency which can be exchanged for gold. A large part of all payments made by check merely transfer bank deposits from one holder to another. In the course of a day, a week, or a month withdrawals from checking accounts and deposits made to them just about balance. The simplicity, ease, and efficiency with which payments are thus made need not be elaborated upon here, but it this canceling out of receipts and expenditures that makes an adequate gold reserve for the currency also adequate for bank-deposit money.

This leads to the question whether there is enough gold in the country to make possible return to the gold standard on a sound basis. The answer is clear and evident. There is now far more than enough gold for this purpose. In spite of the enormous increase in currency and bank deposits, the gold held by the United States Government is greater in proportion to them than it was at almost anytime in the past when the nation was firmly established on the gold standard. The $23 billion or more of gold now in the government's possession is equal to about 75% of the paper money, silver, and minor coins in circulation.

This gold stock is equal to about 11% of all currency in circulation *and* all bank deposits besides. How adequate that is, is shown by the fact that between the years 1915 and 1932, when the nation's currency was firmly anchored to gold, the average proportion of gold to currency and deposits was only 8.6%. Thus, even with the present excessive quantity of every form of money, the gold available to secure it is more than had ever been thought necesary, in this or other countries, when gold was the money standard of most of the world. *There is plenty of gold if we want to return to the gold standard.*

Can There Be Too Little or Too Much Gold?

There seems no prospect in the foreseeable future of a scarcity of gold, for a substantial amount is being added to the world's stock each year. But if gold were a very rare metal it wouldn't be a good money standard; it would be too scarce to support the currencies of the world. Or, if little more could be produced, the existing supply would not increase as the growth of national economies required more to support a normal expansion of their currencies. In either case, gold would become more valuable in terms of other things. Prices in general tend to fall when gold production declines, and to rise when it increases.

Although the value of gold fluctuates, it is more stable than that of other commodities. This is so for two reasons. First, the supply is fairly constant in proportion to the need for it. The annual increase in the world's stock is small compared with the total amount in existence. This keeps gold from being readily cheapened by an increase in output. Yet the gold already in existence isn't quickly consumed; additions to the supply are more or less permanent. This keeps it from suddenly becoming scarcer, for the normal increase in demand is approximately met by the increase in supply.

A second reason for gold's stability in value is the efficiency with which it can be used as a base for money and credit. Through the operations of the central banking system, under the gold standard, a given amount of gold can secure more than twice that amount of currency and 10 times or more that amount of bank deposits. Thus, a relatively small quantity of monetary gold can do a great deal of work when business activity requires an increase in currency and bank credit. Under the gold standard the limit to the expansion of currency and deposits is set by the amount of gold available and the percentage of it required to secure them. Although a change in the amount of gold held in the reserve is conducive to a similar change in the quantity of currency and deposits that it supports, the flexible powers of the central banking authority can do much to modify the effect.

In a flight of fancy which developments of the modern age certainly permit, one might ask what would become of the gold standard if, through scientific discovery, gold suddenly became cheap and abundant. Suppose that alchemy in modern guise were at last to triumph and a base metal or some other material could be cheaply transformed into the precious metal.

Let's agree that it would be folly to try to halt the march of progress—to attempt to prevent the inexpensive production of gold. If gold were to become as cheap as lead, aluminum, or zinc, it would no longer be a useful money-material, and the gold standard would no longer be practicable.

The worst then that could happen would be a return to the present world-wide system of managed paper currencies which are not redeemable in anything at all of value and are subject to incalculable inflation. The best that could happen would be the institution of the next most acceptable money - material in place of gold. What that would be — whether a comparatively scarce metal or some other generally desirable commodity— would have to be determined when the necessity arose. The nature, method of operation, and some of the advantages that inhere in the gold standard would obtain for any other standard that proved to be universally acceptable as a basic form of money, although no known commodity has as many monetary advantages as gold. Certainly the loss of it as the base for a sound currency would not remove any of the disadvantages or in any way modify the ill effects of an irredeemable currency.

The possibility is remote that gold will some day be produced cheaply and in vast quantities for two reasons. It is an element and apparently can't be produced through the synthesis of two or more other elements; and the transformation of some other element into gold would probably require either the use of one that is rarer than gold or an expensive processing of some less costly element. It seems practically certain that it will be a long time, if ever, before it is cheaper to manufacture gold than to mine and refine it.

Gold Is a World Currency

Gold is an international money. When countries are on the gold standard it flows back and forth among them, adjusting trade balances and aligning prices in world markets. How this occurs can be shown in a simplified example.

Suppose that a country buys $2 million worth of goods from another country which, at about the same time, has bought $1 million worth of goods from it. The first country can make up the trade difference by shipping $1 million in gold to the second country. The loss of gold by the first country reduces its gold reserve for currency and bank deposits. This tends to tighten the money supply, raise interest rates, and lower prices. In the second country the addition to its gold reserve permits an expansion of currency and deposits and tends to lower interest rates and raise prices. The lower prices in the first country make its products sell more readily in world markets, and the higher prices in the second country retard the sale of its products to other countries.

In this way, among nations on the gold standard, the free movement of gold is a balancing force that continually tends to equalize prices of goods and the rate of interest on investments. Gold is attracted to countries where it can buy goods and investments to the greatest advantage, and it is drawn away from those where it can buy them at the least advantage.

The United States has well over half the world's monetary gold. If ever a major country was in a position to let its currency be freely redeemable in gold coin, without any restrictions whatever, this country now is.

An often - heard argument against our returning to the gold standard is that even though we may be eminently able to do so many other nations cannot, for so much of the world's gold is held by us. The fact is that it is unimportant whether other nations return to the gold standard when we do. That they should when it becomes possible is certainly desirable. As nations with irredeemable currencies adopt sound principles of finance by balancing their budgets and halting inflation, gold will flow to them not only in exchange for their goods but for investment in their industries. Meanwhile it behooves the strongest and richest country in the world to insure the soundness of its own currency by making it redeemable in gold, and thereby letting it serve as a stable unit of value for a world engulfed by depreciating, irredeemable currencies.

The idealists who urge a world government and a world currency have failed to see that whatever the practicality of the former, the latter exists, and always has, in the form of gold. It is an international money. Nature has provided it and mankind has long found it acceptable. Gold is abundant enough to secure all the currencies of the world, yet sufficiently scarce and difficult to produce to remain stable in value.

Gold Is the People's Money

The gold standard puts a clear and definite limit on the management of a nation's money. An overexpansion of the money supply is checked by the amount of gold in the reserve. Those who fear an inflationary cheapening of the paper currency can exchange it for the money-material itself. As they do, the gold reserve is drawn down and the limit to the amount of currency it can support is lowered accordingly. Thus, the gold standard puts an automatic brake on unsound currency practices and places ultimate control of the money supply in the hands of the people.

In this same way the gold standard also gives them final say with respect to their government's financial policies. Under it they can prevent excessive or long-continued deficits by forcing the government to balance its budget. Inflationary deficit financing with paper money or new bank deposits backed by government obligations would be brought up short by the need for gold to secure them. Only by abandonment of the gold standard could inflationary government finance be continued beyond the means of the gold reserve to support it.

This doesn't mean that the government could not borrow when it needed to, but beyond a point set by the amount of the gold reserve it would have to borrow money that was already in existence. The gold standard operating directly upon the currency supply and preventing the unlimited transformation of debt into money, would force the government to attract people's savings instead of simply inflating the currency. This would in turn oblige it to avoid waste and extravagance. It would have to finance its activities on a sound basis; otherwise it couldn't find lenders.

For all its merits the gold standard has limitations. It can't prevent booms and depressions. But no other money standard can either. Nor does it assure a stable price level. Under it there can be broad fluctuations due both to changes in supply and demand for goods and to the credit policies of the central banking authorities. With or without the gold standard and all its advantages, an excessive expansion of credit by the banking system can, of course, lead to trouble. The climax of such an expansion in 1929 is long remembered.

Unsound credit policy is not a fault of gold or the gold standard but of the management of the banking system, which can and should prevent it. Under the gold standard, the complex forces that cause the ups and downs of the business cycle would continue to operate, but that standard would be a firm guaranty against runaway inflation. There could never occur the debacle and ruin that an irredeemable currency can bring.

Irredeemable currencies have been the cause of the most extreme fluctuations the world has known. It seems the fate of civilized nations that in every few generations an irresistible compulsion leads them to depart from sound monetary principles to tinker and experiment with kinds of money that aren't really money at all and can't be, in the age-old hope of obtaining something for nothing. Underlying all inflations is this same ingenuous wish.

In a democracy it is appropriate that ultimate control of the public purse be in the hands of the people. Sometimes they may err in their use of it, but they can be no more wrong than the managers of our highly inflated, irredeemable currency have been. For many years these latter enormously expanded the money supply and managed the debt so that a large part of it can be transformed into currency and bank deposits almost over night. Latent in this situation is the possibility of so much more inflation that our money could become the least rather than the most desirable thing in all economic transactions.

In recent years the movement for a return to the gold standard has gained momentum, and back of it are some of the ablest minds in the country. A large committee of monetary economists has almost unanimously endorsed it, and various of its members have written at length urging it. Their testimony before Congressional committees shows incontrovertibly that the only way to preserve the value of the dollar is to return to the gold standard.

There is no valid argument for further delay in returning to the gold standard. We have more than enough gold to support it, and the inflation that has already occurred cries out for measures that will prevent further inflation.

A return to the gold standard is probably inevitable, for, as history shows, practically every nation that abandoned it eventually went back to it. The sooner this major adjustment in the financial life of our nation is made, the easier it will be, and the smaller the price we shall have to pay for a long and dismal experiment with a money that is not real money at all but debt secured by debt, limitlessly expansible and steadily decreasing in value.

Time to Reconsider!

"These forces [which "have not accepted America's responsibility for leadership of a free world"] are strongly organized and, on a dozen fronts in and out of Congress, are driving to destroy the Technical Assistance Program, NATO [the North Atlantic Treaty Organization], the United Nations, and every other manifestation of international cooperative effort.

"During the recent session of Congress, those forces were far too successful to admit of complacency.

"Everything I have seen and heard on the long journey I have just completed convinces me that our friends throughout the world are beginning to lose confidence in America and that we are in serious danger of suffering far-reaching reverses in the world-wide fight against totalitarianism and for democracy. And what has happened in Washington during the session of Congress which just adjourned convinces me that we are by no means alert to our great opportunities here at home.

"We in America have an opportunity such as the world has never known, to create for ourselves the truly abundant life and to lead the world into an era of peace and progress. But we are not measuring up to the opportunity, either at home or abroad."—Mrs. Franklin D. Roosevelt.

Mrs. Roosevelt, like so many others, seems to assume our "responsibility" for world leadership—whatever that means.

It seems to us that the time has come to reconsider many such assumptions.

LETTER TO THE EDITOR:

Shull Answers D. H. McLaughlin's Arguments for Higher Gold Price

Editor, Commercial and Financial Chronicle:

The old saying, "there are two sides to every question," is especially apparent from the pros and cons presented from time to time as to whether the "value" of the American dollar should be firmly fixed at its presently claimed value of $35 a fine ounce of gold, and restored to "redeemability," on demand, at that fixed value. The latest contribution to this discussion is presented in the issue of the "Chronicle," Aug. 6—an address before a college group by Mr. Donald H. McLaughlin, President of Homestake Mining Company (a gold-mining company), San Francisco, California.

Frederick G. Shull

It is just possible that, being in the gold-mining business, Mr. McLaughlin may have an axe to grind; but there are certain points which he emphasizes, with which the present writer is in full accord. I quote them as follows: "Among the blunders of the postwar years . . . the delay in restoring confidence in the world's money . . . may be as far-reaching and disturbing to our economic and social order as any of the more spectacular disasters of war. . . . Gold is the only commodity universally accepted as money. . . . It is the final base of reference for all the devices by which value in terms of money is expressed. . . . Nothing else has the unique assemblage of qualities that makes gold so ideally suited to serve as money throughout the entire world. . . . 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." So far, so good. We will now draw attention to those statements made by Mr. McLaughlin which are diametrically opposed to the views which we hold as respects the use of gold for money:

Mr. McLaughlin advocates further "devaluation" of the dollar, by raising the official price of gold to $70 an ounce; while I am strongly of the opinion that we should retain such semblance of an honest-dollar as we still have, by holding the "value" of our dollar to $35 a fine ounce of gold—that we should never again "debauch" the American dollar by tampering with the official price of gold, as was so dishonestly done in 1933-34. He points the finger of scorn at those who advocate that "the price of $35 an ounce should be retained"—naming, in particular, Dr. Walter E. Spahr, Executive Vice-President of the Economists' National Committee on Monetary Policy, and Mr. Philip McKenna of the Gold Standard League. It seems to carry little weight with Mr. McLaughlin that Dr. Spahr's organization includes in its membership some 70 of the leading economists of this country, whereas, of the four named by Mr. McLaughlin as favoring a rise in the official price of gold, not one is known to me as a teacher of economics.

In weighing the pros and cons of this argument having to do with the official price of gold, the following facts should be kept clearly in mind: Once the "value" of a nation's monetary unit has been set in terms of a definite weight of gold, it can no more be changed, in all honesty, than one could change the length of the 36-inch yardstick. There is nothing new in that sound monetary principle—it was recognized by the world's greatest economist, Adam Smith, nearly 200 years ago when he so rightly said: "The raising of the denomination of the coin has been the most usual expedient by which a real public bankruptcy has been disguised under the appearance of a pretended payment"; and it was similarly recognized by one of America's greatest monetary experts, Alexander Hamilton, who played the leading part in setting the "value" of our dollar at 24.75 grains of fine gold, in 1792, which was never changed until the 1830's—and then only for the purpose of effecting a slight change in the inter-relationship of gold and silver (from "15 to one" to approximately "16 to one"). This gave the dollar a "value" of 23.22 grains of fine gold, or $20.67 an ounce; and that was never tampered with for the next 96 years—or until the New Deal took over in 1933. Those imcompetents "devaluated" the dollar by 41%, by raising the official price of gold from $20.67 to $35 an ounce—as great a peace of dishonesty as has ever been foisted upon the people of this nation. Such "dishonesty" should never be allowed to happen again.

But, memory being short, we now have a new group of monetary advisers — Mr. McLaughlin, Mr. Philip Cortney and others—who evidently see no harm in subjecting the American dollar to further debauchery; for they are advocating that the official price of gold be raised to $70 an ounce—which is only another way of saying that they are "advocating" that the present gold value of the dollar be reduced by 50%. And what would that do to our economy? We know that the 41% "devaluation" of the dollar in 1933-34 means that it now requires about 70% more dollars to equal the same gold value as obtained prior to 1933; and that we are today paying, for practically everything we buy, about 70% more than we did before the 41% devaluation. Hence there is every reason to believe that if we now reduce the "value" of the dollar by 50%, occasioned by raising the official price of gold to $70 an ounce, it won't be long before we'll be paying 100% more for practically "everything we buy" than the inflated prices we are already paying as a result of the 1933-34 "devaluation."

In the light of these facts, is it possible that the American people are going to allow themselves to "fiddle while Rome burns?" Let us hope not! But to prevent such a catastrophe it is essential that a far greater number of our people become awake to the fact that there is such a thing as "honest money"—that nations have long recognized that "honest money" is money whose monetary unit (the dollar, for example) is firmly set in terms of a definite weight of gold—and that, once so set, the raising of the official price of gold is nothing more nor less than sheer "dishonesty."

FREDERICK G. SHULL,
Connecticut State Chairman,
Gold Standard League.
2009 Chapel Street,
New Haven 15, Conn.,
Aug. 12, 1953.

Continued from first page

Outlook for Business And Investment

market relatively low and *in position to rise even if general business activity is to fall off toward the end of 1953.*

I

Business Outlook

As already indicated, it is my conviction that the outlook for the stock market, within reasonable limits, is not necessarily the same as the outlook for business. So let's first take a look at business, without reference to the stock market, and then try to tie the two together afterward.

CYCLE THEORY: Ever since the end of World War II, most of the orthodox economists have been looking for a depression. Year after year, they have predicted a substantial decline in industrial activity, in new building construction, in capital expenditures by corporations, in factory employment, in earnings and dividends, in stock prices, etc.

The main basis for these perennial bearish forecasts was, in my opinion, adherence to the old cycle theory. It is said that every big war causes a boom which is regularly followed by a collapse in business. What happened this time to so mislead the economists? Well, perhaps we may excuse them on the grounds that the war never really ended. It just cooled off and then along came Korea. History may yet repeat itself, but in that process the pattern has changed. Never before have we had such a protracted period of business boom. For 14 years industrial production has held above what is called a calculated normal. Four or five years, or even less, was the usual limit of super-normal activity in all of our earlier history.

A NEW ERA? With all due respect to our economist friends, I think it should be pointed out that there were several new factors in the economic scene of the 1940s and 1950s besides the alternating elements of hot and cold wars. To state just a few:

(1) A managed economy.
(2) Full employment policy.
(3) Monetary flexibility; no gold standard.
(4) Tremendous strides in technology and in new products.
(5) Rise in per capita production and buying-power.
(6) Wide redistribution of incomes.
(7) Upsurge in population (1950s).

No one knows for sure where our "New Era" program will finally take us. Someone has said that inflation is the essence of any full employment program. Be that as it may, we must face the reality that we as a people have rebelled against the idea that we must periodically be victimized by Old Man Depression.

In the public's mind, the old fetish of a "sound dollar" at all costs has given way to the new goal of full employment, permanent prosperity, or call it what you will. Definitely planned efforts are being made by the government and by business leaders to minimize the depth of any business slumps and try to iron some of the roughness out of the business cycle. This will be a neat trick, if performed. Anyhow, the end seems to justify the means; and there is ground for belief that much can be accomplished.

Certainly, such a precedure has its evil effects, its costs. *Inflation* as a way of life has never been successful. But neither has *deflation.* If our economic managers can keep the inflation within modest bounds, the public may be getting a bargain. The benefits and gains through full employment and steadily rising standard of living may far outweigh the accompanying losses suffered through erosion of the value of money and most forms of savings. No one knows. But this is what we face and we must recognize it and try our best to interpret its meaning for our future. As of now, it appears that most, if not all, of the fully developed tools in Washington to avert or minimize depressions are inflationary in nature.

Of one thing we may be certain. *Any government accepting responsibility for full employment must never admit that it has adopted inflation as a national policy.* Always it must appear to be fighting inflation, although the real bogey is deflation. The mere prospect of deflation is the politician's nightmare. Republican leaders as well as Democratic realize this. In the campaign for the Presidency last fall, General Eisenhower said: "Never again shall we allow a depression in the United States."

KOREAN TRUCE: This truce, unlike the Armistice in 1918 or V-E and V-J days in 1945, does not mark the end of a world conflict. It is only the end of combat in one small area. Demobilization and the problems of reconversion will not follow. The real meaning of the truce cannot be appraised until the political conference set for the fall has been held.

INDUSTRIAL PRODUCTION: General business is holding at a very high level, close to record heights, after allowing for the usual vacation declines and shutdowns in some industries. With only four and one-half months left to go, the full year 1953 is practically certain to set new high records in both volume and value of goods and services.

Federal Reserve Board's index of industrial production is probably around 230-235, where 100 is the prewar level, 1935-39. A 35-point drop, or 15%, would represent a very sizable shake-out or recession. I am not predicting any such spill in 1953. *But I do want to emphasize that even after such a downturn, production would still be about double the prewar rate, average for five years ending with 1939.*

RECESSION? The case for recession stands mainly on the belief that defense requirements are on the downgrade, and that capacity to produce is large enough to meet all requirements, military and civilian; that consumer demands for durable goods are rapidly being satisifed. Therefore, so it is said, production and incomes will fall.

To argue that a cut in defense expenditures points to a recession overlooks several important and very desirable by-products, not the least of which is the better prospect of peace, and along with it, lower taxes and a freer economy.

A PARADOX: Recent surveys indicate that *most businessmen are optimistic on sales prospects in their own line of business; yet there is a widespread belief that business in general, that is, the other fellow's business, is going to decline.* Of course, both of these views cannot be correct. It is only fair to assume that these men know their own field better than they know the other fellow's.

I believe general business for the rest of this year is going to sag a little, but will be better than is generally expected, *much better than the stock market is now anticipating.* The trend next year is another matter, too far away to see now with any clarity.

Some comments on the outlook for the current half year in various industries are briefed in the accompanying table.

II

Investment Outlook

TECHNICAL ASPECTS: Performance of the stock market so far this year has been strikingly near the normal seasonal expectations. As has been customary, first quarter lows in average prices were broken by a modest amount in the second quarter. The early June lows established on increased volume of trading were successfully tested soon afterward. Volume dried up and a normal corrective rebound developed. A secondary reaction in July demonstrated that the June base was solid—in all three main groupings (Industrial, Railroads and Utilities).

A final and critical test of the summer market's fabric came with the news of the long-awaited truce in Korea. And the market passed with flying colors. The June base again proved to be solid. New buying came in above those earlier lows, and prices turned gradually upward. Performance was so favorable immediately after the truce news that the New York "Times" carried a commendatory editorial on the stock market, an extraordinary procedure.

To date in August, the general rise has proceeded cautiously. New encouragement lies in the close parallelism between minor price movements and changes in trading volume, and in the appearance of new leadership in various sections of the list. Rotation of leadership is an almost sure sign of a strong market.

Barring unfavorable and unexpected foreign developments, the broad trend of the market should continue upward well into the fall. New highs in average prices before the year is out should not be difficult to attain. In fact, Industrials (Standard & Poor's) are now only 8% under their 1953 high; Rails, 7%; Utilities, 5%.

Toward the end of the year (say November-December), there are reasons to expect a new upward impetus. Tax relief will be closer at hand. Year-end extra dividends will be announced in volume, and some will be made more valuable by having the payment dates fall in January when lower income taxes will apply to investors receiving them. *Next year is a Congressional election year. Washington will do its best*

OUTLOOK FOR BUSINESS — SECOND HALF 1953
(Sales, profits, dividends)

AIRCRAFT: Recent backlog was 4 times sales of the 13 largest companies in 1952. Plans call for expansion of production into next spring. Rising earnings and dividends seem assured.

AUTOMOBILES: Production in third quarter will fall below the all-time high record set in first half year. Fourth quarter will see a further downtrend. Earnings for full year may be lower for most companies.

BANKING: Bank earnings expanded moderately in the first six months and should gain more substantially in the second six months as a result of the increase in the prime lending rate and decrease in reserve requirements which occurred too late to benefit first half results. Some rise in dividend payments may be expected.

BUILDING: Some decline in housing starts is indicated for second half. Total year-to-year drop for 1953 may be about 8%. Improved steel supplies will aid non-residential building now in strong uptrend.

CHEMICALS: Price increases for many products will provide a bulge in dollar volume of sales. However, profit margins will be held down by higher wages, interest costs and depreciation. Dividends should stand up well.

DRUGS: Unit sales will continue to expand, but dollar volume will drop, due to weakness of prices of hormones, vitamins and antibiotics. Lower earnings and some dividend cuts are likely.

ELECTRIC POWER: Revenues and earnings will maintain an uptrend. Net profits for 1953 will be about 10% better than last year. Some dividend increases will occur.

ELECTRICAL APPLIANCES: Factory sales of television sets should drop below the high total for the first half. Unfavorable comparisons seem probable for most major appliances. Despite some decline in earnings, most dividends will be continued at present conservative rates.

FOOD PRODUCTS: All kinds of food will remain in high demand. Earnings will be good, and dividends secure.

INSURANCE: Industry earnings for the year should compare favorably with last year in the absence of some unforseeable catastrophe. The continued rise in investment income should result in some dividend increases.

MACHINERY: Farm implement earnings will be lower. Profits in industrial machinery about same as year ago.

NON-FERROUS METALS: Despite higher costs good earnings are expected for copper companies. Lead and zinc prices may rise, but earnings and dividends will be under last year.

PAPER: Some easing of demand in second half, but total production for 1953 will exceed all other years except 1951. Earnings will be satisfactory.

PETROLEUM: In second quarter, demand rose 6.7% from year earlier, far ahead of expectations. Full year will show rise of about 6% versus a year-to-year rise of 3.8% in 1952. Second half year's earnings will be better than first half.

RAILROAD EQUIPMENT: Orders for cars and locomotives trending downward. Armament business will be good.

RAILROADS: Net income in first six months up 35% from year before. Full year's net may surpass previous top of $902 million set in 1942. Some dividend increases coming.

RETAIL TRADE: Gains in sales during first half unlikely to be equalled in second half, especially in durable goods. Earnings improvement will be limited by competition.

RUBBER: Tire shipments in second half will recede, along with auto output. Industrial demand, aided by growth in chemicals and foam rubber, should result in record high sales volume. Profits will be higher.

STEEL: Production in second half may be down about 7% to 10% from first half. Year-to-year earnings comparisons will be very good, however, because a two-month strike curtailed last year's total results. Dividends will hold.

TEXTILES: Cotton mills will do well. Synthetic fabric weavers face improved demand but price situation erratic. Earnings will rise in second half year.

TOBACCO: Earnings on cigarettes should be very good, especially for companies best able to sustain sales of standard-size brands. Profit margins on king-size brands are lower. Profit margins on cigars will be hit by higher tobacco costs.

15 CONSERVATIVE STOCKS
Objective—Assured Income, Plus Preservation of Capital

STOCK	Price	Dividends Paid Since	Dividends Indic. Rate	% Yield
American Tel. & Tel.	155	1881	$9.00	5.8
Borden Co.	56	1899	2.80	5.0
Consolidated Edison, N. Y.	40	1885	2.40	6.0
Continental Insurance	73	1853	2.95	4.0
Corn Products Refining	72	1920	3.60	5.0
Diamond Match	35	1882	2.00	5.7
General Foods	56	1922	2.65	4.7
Manufacturers Trust	65	1909	2.80	4.3
May Dept. Stores	31	1911	1.80	5.8
Murphy, G. C.	48	1920	2.00	4.2
National City Bank, N. Y.	53	1813	2.00	3.8
Pacific Gas & Electric	38	1919	2.00	5.3
Philadelphia Electric	32	1902	1.60	5.0
Southern Calif. Edison	37	1907	2.00	5.4
Wrigley (Wm.), Jr.	75	1913	4.00	5.3

BUSINESS MAN'S RISKS
Objective—Good Income, Plus Appreciation

STOCK	Price	Indic. Div.	% Yield
Allied Stores	39	$3.00	7.7
Aluminum Co. of America	51	1.60	3.1
Anaconda Copper	32	3.00	9.4
Goodrich (B. F.)	69	3.10	4.5
Grumman Aircraft Engineering	22	2.00	9.1
Lone Star Cement	29	1.65	5.7
Montgomery Ward	60	3.00	5.0
Ohio Oil	57	3.00	5.3
Radio Corporation of America	25	1.00	4.0
Republic Steel	50	4.00	8.0
Southern Pacific	45	3.00	6.7
Southern Railway	46	2.50	5.4
Texas Pacific Coal & Oil	40	1.65	4.1
Transamerica	27	1.65	6.1
United Air Lines	27	1.50	5.6

to maintain a prosperous climate for the voting public.

TAX CUSHION: Elimination of EPT at the beginning of 1954 will be a development of major importance to companies which are now turning over the bulk of their earnings to the Treasury. Under the present tax, all earnings above a certain norm are taxed at 82%, subject to an overall tax ceiling of 70%. To see how great the cushion from tax relief will be, consider a stock on which taxes are now at the 70% ceiling. When EPT is elminated, net earnings before taxes could *drop* 25% and yet the net profit after taxes would *rise* 20%. Going further down the scale, a stock now in the 64% tax brackets could withstand a 25% drop in earnings before taxes and still show the same final net as before.

CUSHION FROM TAX RELIEF

Based on a 52% corporate tax rate without EPT, net income of companies currently in the tax brackets shown in first column below would change as listed in second column, assuming a decline of 25% in net before taxes.

Present Over-All Tax Rate	Change in Final net, with 25% Cut in Net Inc. Bef. Taxes
70%	+20.0%
68	+12.5
66	+ 5.9
64	0.0
62	— 5.3
60	—10.0
58	—14.3

It should be observed that the cushioning effect of EPT will apply mainly to selected industries and individual stocks but only to a lesser extent to total corporate profits. Industrial groups of stocks which stand to benefit most from the ending of EPT are *automotive, chemical, electrical equipment, industrial machinery, metal fabricating, paper, railroad equipment* and *steel.*

CASE OF GM: Consider the case of General Motors, a company now apparently in the top tax bracket. Net income in first half year was $3.51 per share. Next year, with taxes assumed at a 52% rate, net before taxes could shrink almost 40% from recent levels, and yet final net income would stand about unchanged. *Where other factors are equal, it should be obvious that GM is in a better position, earningswise, than another company not now paying excess profits taxes.*

STOCKS vs BUSINESS—It is the tax cushion which provides the most practical basis for expecting the stock market to rise against a sag in business. However, it should be repeated that most of the time in recent years, the market has moved in opposite direction to the swings in production. The reason may lie in the discounting function of the market. For example, the six months' decline in stocks from last December occurred while business moved up to new heights. The decline in stocks was by way of discounting an expected drop in business. Then, when the drop turns out to have been fully or over-discounted, the market will be rising against the trend in production.

INTEREST RATES: Ability of the Washington authorities to move quickly when necessary is seen in the shift in policy on credit and interest rates. Starting with a policy of curbing credit, the Reserve Board has had to reverse itself to enable the Treasury to finance its huge deficit. To be sure, interest rates are still abnormally low, and ought to move higher in the years ahead. However, I do not expect any early jolts from that direction. Believe the process will be made a gradual one, spread out over a long period of time. The interest rate will be a powerful lever to use in the future in attempts to keep inflation from progressing too rapidly, or deflation from engulfing the economy. *Meanwhile, the wide spread between stock and bond yields augurs well for the price trend of stocks.*

CONFIDENCE: *The confidence factor is really the key to the stock market.* The ratio at which investors are willing to capitalize dividends and earnings is more important an element in the value of stocks than the dividends or earnings themselves.

The 6% yields now available on good industrials are evidence of the conservatism of the present stock market. I believe that as time goes on, investors will be more and more confident in the security of common stocks under the new Administration. The present conservative price-earnings ratios of less than 10 for typical industrial stocks and less than seven for rails should not long continue. As confidence grows these ratios will rise along with prices.

SELECTIVITY: The most favored groups of stocks for the coming rise in my opinion are the following:

Air Lines
Banks
Chemicals
Department Stores
Electrical Equipment
Electronics
Food
Insurance
Oil & Natural Gas
Paper
Railroads
Utilities

Railroad Securities

Chicago Great Western

One of the most gratifying six months' earnings reports to those who take a constructive attitude toward the group as a whole was that of the small Chicago Great Western. Results for the period should be calculated to confound and repudiate that segment of the investment community that is constantly complaining of the instability of railroad earnings and, basing their conclusions on some past history, predicting that with any moderate decline in traffic and revenues railroad earning power will fall apart. There are many investors and speculators who are inclined to disregard the vast improvement there has been in recent years in railroad operating efficiency, and the efficacy of strict budgetary control systems that have been adopted by the managements of virtually every railroad in the country. The performance of Chicago Great Western in the first half of the current year should go far toward dispelling such fears.

Employees of Chicago Great Western struck early in the year and stayed out for about six weeks. Reflecting this prolonged work stoppage, the influences of which naturally carried over for some time after the men returned to work, car loadings of the company for the first half of the year declined almost 30% from the level of a year earlier. Rate comparisons with like 1952 months were favorable during part of the period so that the decline in gross was not so sharp. Nevertheless, revenues for the six months were nearly 23% below those for the opening half of 1952. In the face of this unfavorable comparison, net income was virtually unchanged. Earnings on the common, before sinking and other reserve funds, amounted to $2.27 in the 1953 interim, down a few cents from the $2.34 realized a year earlier.

As a fully dieselized carrier, Chicago Great Western has attained a high degree of efficiency in recent years. By last year it had achieved a transportation ratio of 31.4%, well below the industry average of 36.9% and a phenomenal improvement over the 47.8% ratio of the first postwar year, 1946. One of the impressive aspects of the showing so far this year is that the trend toward greater operating efficiency continued. For the period through June the transportation ratio was cut a full point, to 31.9%. There are some analysts who feel that for the full year the company may enter that select group of railroads with transportation ratios below 30%.

To get the fullest benefits from its new diesel power the company has also been engaged in an extensive property rehabilitation program. This has involved, and still involves, heavy maintenance of way expenditures. Even with continuation of high maintenance it is now being estimated that the company may earn as much as $6.00 a share on the common this year, before sinking and other reserve funds. The rehabilitation program should be completed by the end of 1953 or early in 1954. Tapering off of this work should logically add significantly to the earning power of the company.

No dividends are being paid on the common and none can be paid until preferred dividend accumulations are cleaned up. Earlier this year the company had planned to issue $6 million of new collateral trust bonds, proceeds to be used in part to pay off serial bank loans and in part to bolster working capital. It had been expected that this would allow payment of the full preferred arrears. The bid received was not satisfactory, however, and the project was dropped. Instead, only $4 million was borrowed on a serial basis—$2,750,000 to satisfy the old bank loans and $1,250,000 for working capital. In the meantime a payment was made against preferred accruals, reducing the arrears to $1.52½ a share. Close followers of the situation believe that there is a good chance that the whole thing may be cleared up before the end of the current year, thus opening up the possibility of common stock participation in earnings over the intermediate term.

Baruch & Co. Offer Colorado Mining Stock

Baruch & Co., Inc., New York, is offering "as a speculation" an issue of 299,000 shares of common stock (par 10 cents) of Colorado Mining Corp. at $1 per share.

The corporation was formed in Delaware on March 25, 1953 under the name of Colorado Copper Mining Corp., which name was changed to Colorado Mining Corp. on July 17, 1953. It is the owner of 34 patented mining claims located in Routt County, Colo., and proposes to explore the claims for molybdenum, copper, gold and silver.

The proceeds of this offering will be used for certain rehabilitation work as well as for the acquisition of necessary machinery and equipment and for exploration and development expenses.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Bank Stocks

Net profits of the member banks of the Federal Reserve System were 5% higher in the first half of 1953 than in the similar period of the previous year, according to a recent news release of the Federal Reserve Board.

The net profits for the first half amounted to $436 million as compared with $414 million in the same period of 1952 or an increase of $22 million. Actually the earnings before taxes made an even better showing. Earnings before taxes increased by 16% amounting to $916 million as against $788 million in the first six months of 1952, a gain of $128 million. This very sizable gain was offset by an increase of $56 million in the provision for income and excess profits taxes and an increase of $50 million in losses and transfers to reserves. Supposedly the large increase in losses represents primarily transactions in government and municipal securities on which the banks realized sizable losses for tax purposes. An interesting point in this connection is that despite the substantial losses taken to minimize taxes, the impact of the excess profis tax was evidently felt by a large number of banking institutions.

The primary reason for the large gain in earnings was a substantial expansion in income from loans. Loan income for the period amounted to $1,276 million as against $1,105 million in 1952 or an increase of $171 million. Other sources of income, including interest from U. S. Government securities and service operations, gained by an additional $83 million, so that the total increase in gross earnings amounted to $254 million.

This large gain was offset, in part, by an increase in operating expenses of $126 million, leaving the pre-tax earnings higher by $128 million.

The rate of earnings in relation to capital funds was approximately the same in both periods being equal to approximately 8% in 1953 and only slightly less in 1952. The ratio was somewhat better on a pre-tax basis. Pre-tax earnings for 1953 were equal to 16.8% of the capital accounts compared with 15.2% in the same period of a year ago. Thus had it not been for the extraordinary charges for taxes and losses, final net earnings for the period would have been considerably higher.

The foregoing has several interesting implications as to the general trends that may prevail in banking in the last half of the year.

With more banks reaching a point in their level of earnings where excess profits taxes are becoming an important factor, it seems certain that every effort will be made to minimize the liability of the different institutions. To some extent this was reflected in the operations of the first half when $50 million in losses were reported. The amount to be shown as losses for the final six months is expected to be considerably higher.

In the first place, there was some doubt about the likelihood that the excess profits tax would be continued after June 30, 1953. The rate of earnings has continued to gain and many institutions now find that unless tax savings are effected, they will incur a sizable liability for E.P.T. One of the easiest ways to make a tax saving is to take security losses which are directly deductible from income for tax purposes. Thus, by taking losses and switching into similar securities, a bank can maintain current income yet keep from paying E.P.T.

These facts are expected to result in the banks engaging in substantial security transactions in the last half. Indeed, there is evidence that some institutions have already undertaken substantial programs designed along these lines.

This does not necessarily mean that such tax savings will be reflected in larger net operating earnings being reported by banks generally. Much will depend upon how a particular institution handles the accounting for such transactions. It may even be that earnings reported to stockholders may be lower in spite of such tax savings.

The point to be kept in mind is that each individual report will have to be analyzed giving careful attention to the foregoing and the general trends operating throughout the banking field.

In any event indications are that operating results will be favorable.

With Raymond J. Plunkett

(Special to THE FINANCIAL CHRONICLE)

WAUSAU, Wis.—Dr. Walter A. Richardson has become affiliated with Raymond J. Plunkett & Company, First American State Bank Building.

With Oakes & Co.

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Philip I. Schaffer has become associated with Oakes & Company, Ingraham Building. He was formerly with J. A. Rayvis Co., Inc.

Form John R. Boland Co.

The investment business of John R. Boland is now being conducted under the firm name of John R. Boland & Co., Inc. Offices are located at 30 Broad Street.

Mutual Funds

By ROBERT R. RICH

THE COMBINED production of aluminum of United States and Canada in 1953 is estimated at about two million tons, which is about 75% of the free world's output and probably over five times that of the iron curtain countries according to the August issue of "Perspective" issued by the investment management department of Calvin Bullock.

Between 1939 and the peak war year of 1943 primary aluminum production in the United States and Canada rose from 247,000 tons to 1,416,000 tons, the sharp increase reflecting heavy demands for military aircraft. Production had dropped to 603,000 tons in 1946 but turning upward again reached 1,116,000 tons in 1950 and 1,443,000 tons in 1952.

It is estimated now, says "Perspective," that the military share of total production only accounts for about 25 to 30% and of that no more than half goes into military aircraft. The other 70% is being fanned out to almost the whole range of civilian industry, including such big consumers as the construction, automotive, electrical appliance and packaging industries.

Reviewing the relative capacities of the leading producers—Aluminum Company of America, Reynolds Metals Company, Kaiser Aluminum & Chemical Corp., and Aluminium Ltd., "Perspective" asserts that "aluminum seems assured of an increasing place in the world's constant demand for a 'better tomorrow'."

The survey adds that as far as future normal demand is concerned, production figures give proof as to the tremendous strides that aluminum already has made due to a favorable price relationship with other metals and also because of the many new uses that have been found for this versatile metal.

"Like the World War II situation, our present defense activities are constantly extending aluminum technology and 'know-how' further than ever before. The principal industrial outlets for aluminum in order of importance are (1) the building and construction field, (2) transportation, (3) the electrical industry, (4) household applications, (5) food and farming and (6) canning and packaging."

SPEAKING BEFORE the Association of Public School Systems, a nationwide group of school administrators meeting at Teachers College, Columbia University, Herbert R. Anderson, President of Group Securities, described the free enterprise system as the only one under which the cultural and educational development that teachers are dedicated to could be carried out.

"The only alternative to the ownership of our industry by our people," he stated, "is its ownership and control by the State which, as we so well know today, tends to turn educators into propaganda agents for the State.

"With but few exceptions, everyone is strong for free enterprise—the American way of life—and certainly the private ownership of business is the cornerstone of this structure.

"But when we come to common stocks which represent that ownership, they too often are thought of as poker chips or gambling dice—their ownership is more in the category of playing the horses or the numbers game, when it should give pride in the possession of an interest in the structure that makes America great.

"I suppose one of the basic reasons why this may exist is the very fact of the ready market for securities and the daily publication of prices at which stocks are traded, with great emphasis on the degree to which they have advanced or declined in price. I know and am very friendly with many of the financial writers and suppose they tend more to cater to a public interest in price fluctuation than to create it.

"But each day they not only must comment on the change in market prices but also explain the reason for that day's change. This tends to focus attention on the superficials of the daily price fluctuation rather than the fundamental of American ownership and the underlying values which these ownership certificates represent."

NET ASSETS of Fundamental Investors, Inc., a mutual fund managed by Investors Management Co. Inc., were $145,929,233 on June 30, 1953, compared with $150,947,014 on Dec. 31, 1952 and $134,108,715 on June 30, 1952. Net asset value per share at the half year was $18.57, compared with $20.58 on Dec. 31 last.

During the six months period the number of shareholders increased by 6,000 or 15%, to a total of 47,167.

The semi-annual report is the first signed by Wm. Gage Brady, Jr., Chairman, and Hugh W. Long, President, as both of these officers were elected during the period.

Investments in petroleum and natural gas, public utility, railroad and electronics companies aggregated 48% of Fundamental Investors' assets.

Additions to the company's holdings during the half year included Bendix Aviation, Canada Dry, Caterpillar Tractor, C. I. T. Financial, Consumers Power, Continental Can, Dixie Cup, du Pont, Iowa-Illinois Gas and Louisiana Land. Eliminations from the portfolio included Bristol-Myers, Creole Petroleum, Merck & Co., and Sharp & Dohme.

HUDSON FUND reported an 11% increase in net assets for the 12 months ended June 30, 1953.

The increase, according to the Fund's semi-annual report, boosted total resources of the Fund to $4,085,499 or $11.32 a share on the 360,863 shares outstanding on June 30, last.

This compares with $3,673,379 on June 30, 1952, equal to $12.01 a share on the 305,992 equivalent shares then outstanding; and with $4,395,825 on Dec. 31, 1952, equal to $12.33 a share on the 356,690 equivalent shares then outstanding. Hudson Fund, on May 18, last, effected a two-for-one split of its capital stock.

The report showed an investment of 79.3% of total net assets in common stocks. The balance included an 8.3% investment in preferreds; 4.5% in corporate bonds; and 7.9% in governments and cash.

Hudson Fund's largest single common stock holding by industry, according to the report, was in natural gas utilities and represented 11.6% of net assets. Other common stock industry groups included: 9.9% of net assets in electric utilities; 7.2% in chemicals and drugs; 7.2% in metals and mining; 7.2% in oils; 5.4% in merchandising; 5.4% in railroads; and 5.1% in banks.

Hudson Fund is the only mutual fund with a specialized trust company — The Fiduciary Trust Company of New York — as its investment advisor.

WELLINGTON COMPANY, national distributors of the conservatively-managed $261 million Wellington Fund, has just completed a revision of its folder, "Facts and Figures."

The revised folder, now being distributed to dealers, charts the results of an investment of $10,000 in Wellington Fund at offering price for the 10-year period ended Dec. 31, 1952, with all dividend distributions reinvested.

The Fund's investment diversification, list of investments on June 30, last, and a classification of fiduciary and institutional shareholders are also given in the folder.

CLOSED-END NEWS

CARRIERS & GENERAL Corporation, a listed, closed-end investment company managed by Calvin Bullock, reports net assets on June 30, 1953 were $10,530,340 before deduction of principal amount of outstanding debentures, and excluding unamortized debenture costs of $6,670. This compares with total net assets of $11,294,763 on Dec. 31, last.

Net asset value per share at the half year was $15.43 compared with $16.80 six months earlier. Net investment income from interest and dividends on securities owned for the period was $189,545. No comparison is available due to the change in the company's reporting period in 1952.

"Asset coverage per $1,000 of 3% debentures, excluding unamortized financing costs, amounted to $5,625 at June 30, 1953. Interest on debentures and amortization costs was earned more than 7.6 times during the period."

Noting that at the half year

Hugh Long Appoints Thorne and DeTamble

Appointment of Forest G. Thorne as Resident Vice-President and Wholesale Representative in Metropolitan New York

Forest G. Thorne Martin DeTamble

and the State of New Jersey has been announced by Hugh W. Long and Company, Inc., Elizabeth, N. J. Mr. Thorne joined the Long organization in 1947 as Representative in Chicago and was named a Resident Vice-President in that area in 1952.

Martin DeTamble of Chicago has also been elected Vice-President and will make his headquarters at 105 South La Salle Street, Chicago.

Mr. DeTamble has long been associated with the investment field and with mutual funds. An alumnus of the University of Michigan, he began his investment career in 1929 with the firm of Hornblower and Weeks. Prior to joining the Long organization he was associated with the North American Securities Company.

The Long Company, located in Elizabeth, N. J., is one of the largest underwriters of open-end mutual funds, including Fundamental Investors, Inc., Diversified Funds, Inc. and Manhattan Bond Fund, Inc.

common stock represented 87.8% of net assets, Hugh Bullock, President, told shareholders that "present prospects suggest a more conservative approach to common stock selection. Consequently, the principal increases in common stock holdings have been in those groups possessing strong growth or defensive characteristics, notably chemicals and electric utilities; and principal reductions have been made in more cyclical groups, such as automobile, industrial machinery, railroad and railroad equipment, steel as well as in foods and natural gas."

New additions to the portfolio included 2,000 Air Reduction, 4,000 American Cyanamid, 1,000 American Viscose, 2,000 Cleveland Electric Illuminating, 7,000 Empire District Electric, 2,000 Firestone Tire & Rubber, 2,700 Lone Star Gas and 3,000 Louisville Gas & Electric.

Eliminated from the company's portfolio during the period were Bethlehem Steel, Bucyrus-Erie, Equitable Gas, New York Air Brake, Northern Natural Gas, Shamrock Oil & Gas, J. P. Stevens, Studebaker, Union Electric, United Fruit and Wheeling Steel.

Joins Betts, Borland

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — William Levin is now associated with Betts, Borland & Co., 111 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Levin was formerly with Faroll & Company.

Paul Appenzellar

Paul Appenzellar passed away Aug. 15 at the age of 77. He was chairman of the board of the Dictaphone Corporation and was a partner in the former Stock Exchange firm of Swartwout & Appenzellar.

F. I. du Pont Adds

(Special to THE FINANCIAL CHRONICLE)

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

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

At a special meeting of the Ithaca College Board of Trustees held on Aug. 15 at Lake George, N. Y., George C. Textor, Executive Vice-President and Secretary of **The Marine Midland Trust Company of New York**, was elected to the Board of the College for a five-year term according to an announcement made by Herman E. Muller, Chairman. Mr. Textor is a Director of The Marine Midland Trust Company of New York, Colorado Fuel & Iron Corp., Foremost Dairies, Inc., Liberty Products Corp., American Bosch Corp. and several other corporations.


George C. Textor

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S. Sloan Colt, President of **Bankers Trust Company of New York**, announced on Aug. 18 the election of Fred J. Leary, Jr. as Vice-President, in charge of the bank's Far Western business. Mr. Leary, a graduate of Harvard University, has been with Bankers Trust Company since 1945. He was elected Assistant Treasurer in 1950 and two years later was promoted to Assistant Vice-President.


Fred J. Leary, Jr.

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Joseph A. Martino, President of the National Lead Company, was elected a member of the Board of Trustees of the **East River Savings Bank of New York City** on Aug. 13. Mr. Martino, whose career started with the National Lead Company in 1916, became President in 1947. He is a Director of the Allegheny Ludlum Steel Corp., National Cylinder Gas Co., National Industrial Conference Board, the Chase National Bank of the City of New York, etc.


Joseph A. Martino

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The **Guaranty Trust Company of New York** announced on Aug. 18 the election as Treasurer of Ralph F. Leach. Madison H. Haythe has been promoted to be a Second Vice-President. For three years Mr. Leach has been with the Board of Governors of the **Federal Reserve System** in Washington, being Chief of the Government Finance Section, Division of Research and Statistics. His former banking connections were with Harris Trust & Savings Bank in Chicago, and Valley National Bank in Phoenix, Arizona. He is expected to assume his new duties with Guaranty Trust Company of New York in mid-September. Mr. Haythe has been an Assistant Treasurer at the Guaranty—in the Treasurer's office since 1947. He entered the bank's service in 1941.

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Appointment of George E. Koenig, Officer in Charge of the Fourth Avenue and 27th Street office of **Manufacturers Trust Company of New York**, as an Assistant Vice-President is announced by Horace C. Flanigan, President. Mr. Koenig came to Manufacturers Trust in 1931 and has worked in various departments and offices. In 1946 he was appointed an Assistant Secretary, and in 1950 he completed his studies at the Graduate School of Banking, Rutgers University. Mr. Koenig is affiliated with New York Institute of Credit, Credit Men's Fraternity, New York Credit and Financial Management Association, Cardinal Spellman's Committee of the Laity, etc.

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Horace C. Flanigan, President of **Manufacturers Trust Company New York** and Fred G. Wolff, President of **Peoples Industrial Bank,** also of **New York City**, announced this week that an agreement had been reached under which Manufacturers Trust Company will purchase the assets and assume the liabilities of Peoples Industrial Bank. Peoples Industrial Bank, located at 855 Avenue of the Americas, corner of 30th Street, was incorporated June 25, 1920. As of June 30, 1953, it had total resources of $15,317,645, total deposits of $12,849,577 and capital funds of $1,950,685. Household Finance Corporation owns approximately 98% of its outstanding stock, having acquired a controlling interest in March, 1946. Officers and employees of Peoples Industrial Bank will join the staff of Manufacturers Trust Company upon completion of the purchase.

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A new kind of bank building, having an exterior of plate glass and polished aluminum, is being erected by the **Manufacturers Trust Company of New York** on the southwest corner of Fifth Avenue and 43rd Street. Open to view and inviting to the public, the new building, which will house the Manufacturers Trust office now located on the southeast corner of Fifth Avenue and 43rd Street, will be a $3,000,000, four-storied, air-conditioned structure. In announcing plans for this new building, Horace C. Flanigan, President of Manufacturers Trust, stated: "This building, we believe, will represent an interestingly progressive step in American banking practice. The design is based on the concept that banking today is selling a service, and is to a great extent comparable with department stores and specialty shops where the aim is to provide inviting quarters and an attractive atmosphere as well as to sell quality merchandise."

According to Louis Skidmore, senior partner of the architectural firm of Skidmore, Owings & Merrill, who designed the building, the new Fifth Avenue office will have an almost entirely sealed glass exterior that will provide the public with a panoramic view of activity within the bank. The main entrance of the bank will be on 43rd Street, just west of Fifth Avenue, with no doorway on Fifth Avenue. This unusual treatment will permit an uninterrupted display window along the entire 100-foot Fifth Avenue frontage.

Lawrence C. Marshall, President of the **Bank of the Manhattan Company of New York**, announced on Aug. 18 that the bank had received permission from the New York State Banking Department to open a new branch office at 104-17 Queens Boulevard, Forest Hills. This will bring to 57 the number of offices operated by Bank of the Manhattan Co. and will expand the system in Queens to 34 offices. In making the announcement, Mr. Marshall pointed out that for more than 30 years the bank has maintained one of New York's most extensive branch bank systems.

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George O. Nodyne, President of the **East River Savings Bank of New York City**, has announced the appointment of William J. Rommel, Assistant Vice-President, as Manager and Edward Allen as Assistant Manager of the new branch office at 55 John Street, which will open in the late Fall. Mr. Rommel is at present Manager of the branch at 291 Broadway. He has been with the bank since June 14, 1926 and is an alumnus of the Graduate School of Banking at Rutgers University. Mr. Allen has, until recently, been Assistant Manager of the 96th Street office. He has been with the bank since Oct. 3, 1926 and is a graduate of the American Institute of Banking.

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Everett M. Clark, Vice-President of the **Manufacturers Trust Company of New York** was elected a Trustee of the **Kings County Savings Bank of Brooklyn, N. Y.**, it was recently announced by President Charles D. Behrens of the Kings County Bank. Mr. Clark, a director of the Guaranteed Title and Mortgage Company, has long been active in civic affairs. Adam Muller, formerly Treasurer of the Kings County Savings Bank, was elected Vice-President and Treasurer of that bank. Mr. Muller, in his 38th year of service, has been a Trustee since 1951.

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The **Lincoln Savings Bank of Brooklyn, N. Y.**, through its President, John W. Hooper, has announced the election of Fred Gretsch, Jr., as a Vice-President of the bank. Mr. Gretsch has served on the board of trustees of the bank since 1952 and his father, Fred. Gretsch, Sr., was a former President of the bank and Chairman of its Board, prior to his death in 1952. In his new capacity Mr. Gretsch, Jr. will fill the vacancy created by William C. Hundt, who has resigned. Mr. Gretsch is President of the Fred. Gretsch Manufacturing Company, makers of musical instruments for the past 70 years. He also is a member of the Advisory Board of the Manufacturers Trust Company, Williamsburg branches, a past President of the National Association of Musical Instrument Wholesalers, etc.

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The Lincoln Savings Bank of Brooklyn, N. Y., announces the graduation of John L. Corvaia, manager of Advertising and Publicity for the bank, from Northwestern University's School of Financial Public Relations. The student body of the school is made up of bankers from all sections of the United States, Mexico and Canada. His thesis entitled, "The Public Relations Value of Publicizing Bank and Employee's Activities" was accepted and listed in the Library of the School. Mr. Corvaia has been associated with the Lincoln since 1933 and has been actively engaged in Public Relations, Advertising and Publicity since July, 1951. In addition to the bank's advertising he has handled promotional work and publicity in connection with its blood donor days, women's finance forums and employee activities. He is a graduate of N. Y. Chapter, American Institute of Banking, and has held the posts of Treasurer, Chief Consul and member of the Board of Governors of the N. Y. Chapter, American Institute of Banking. Mr. Corvaia is also a member of the New York Financial Advertisers Assn., Savings Bank Editors, etc.

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Madison H. Lewis of Warwick, N. Y., and New York City was elected a director of **The First National Bank of Warwick** at a meeting of the Directors held on Aug. 12. Mr. Lewis has been a director of the Borden Company for several years. He was formerly President of the Pioneer Ice Cream division of that company and presently serves on the Finance and Pension Committees. He is also President of the Association for the Aid of Crippled Children of New York City.

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An increase in the capital of the **First National Bank & Trust Co. of Paulsboro, N. J.**, from $100,000 to $150,000 has resulted from a $50,000 stock dividend.

* * *

The sale of $100,000 of new stock by the **Alexandria National Bank of Alexandria, Va.,** has served to increase the capital of the bank, effective Aug. 4, from $400,000 to $500,000.

* * *

A stock dividend of 200% has been approved by shareholders and directors of **Main State Bank of Chicago, Ill., increasing** the capital stock from $200,000 to $600,000, it was announced on Aug. 12 by L. Shirley Tark, President. The stock will be issued to holders of record as of Aug. 5. It is stated that by making the dividend in the form of stock, Main State is adhering to its established policy of keeping all earnings in the institution and adding them to the capital structure, Mr. Tark points out. Never in its more than 24 years of operations has the bank distributed a cash dividend. Main State Bank's capital structure now consists of more than $2,750,000, including capital stock of $600,000, surplus of $1,400,000, undivided profits of $533,000 and reserves of $221,000. Demand and time deposits exceed $33,000,000. Thus the ratio of deposits to capital stands at about 12 to 1. Main State Bank is located at Milwaukee, Western and Armitage Avenues.

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It was announced on Aug. 11, by Elliott McAllister, President, of **The Bank of California, N. A.,** of San Francisco, that at its regular board meeting Ralph C. Whitsett, Jr. was elected Vice-President and Trust Officer, effective Oct. 1. Mr. Whitsett will, on Nov. 30, succeed C. Nelson Hackett, Vice-President and Trust Officer, as head of the Trust Department on Mr. Hackett's retirement under the bank's compulsory retirement plan. Mr. Whitsett attended Princeton, where he majored in mathematics, graduating with the class of 1928.

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James A. Shine, a Vice-President of the **California Bank of Los Angeles, Calif.**, prior to his retirement three years ago, died on Aug. 8, after a brief illness. He was 63 years of age. Mr. Shine was a native of Massachusetts and began his banking career in that state. He was with the Los Angeles branch of the **Federal Reserve Bank of San Francisco** before joining the staff of California Bank in 1925. He was elected Vice-President in 1938 and held that office until his retirment in 1950. Mr. Shine was a member of the Los Angeles Chamber of Commerce.

Continued from page 7

Red Peril on the Wane!

Marxist ideology as Lenin had developed it.

Hatred of Western Countries

This meant that Russia had come under the control of men committed to a belief in the unsoundness and iniquity of the social system which, to one degree or another, all the other Western countries maintained and were destined to continue to maintain for a long time into the future. How this curiously twisted and fanatical belief came to find its political home precisely in Russia—a country that fitted very poorly into the Marxist pattern—is another story, and one that I shall not attempt to recount here. It is important to note that this belief on the part of the early Bolshevik leaders was not merely one of detached historical and social interpretation: it was something that involved intimately their own responsibility and actions. The deplorable state of the peoples languishing—as they saw it—under the yoke of capitalism was for them not just something to be noted and regretted: it was something they, as good international Marxists, as Leninist-Marxists in particular, had an obligation to do something about. The cause of the proletariat everywhere was their cause. They were the revolutionaries of *every* country, not just of their own. They challenged the legitimacy and usefulness of every capitalistic government, not just the one under which they happened to have been born.

And thus, when these men appropriated to themselves the powers of government in most of the territory known to the world traditionally as "Russia," a new situation was created. With that act, the exercise of internal power in Russia had become associated with a program aiming in effect at the overthrow by force of every Western government and the establishment in power in every Western capital of a violent, embittered, defiant minority group, contemptuous of all real national tradition, challenging most of the accepted national values, hating almost everything their countrymen loved, amenable only to the discipline of the rulers of a foreign state. This was a condition without precedent in modern Western history. It belied the principle of "live and let live" on which the entire structure of international relationships in the Western World had come to rest in the eighteenth and nineteenth centuries. It represented, from the standpoint of international custom, a retrogressive step: a throw-back to the religious wars of past ages—to the quest for universal secular power in the name of the exclusive and intolerant ideology.

At a happier time, at a time when Western society was in possession of its full strength and health, this sort of program and outlook on the part of the Soviet leaders might merely have been ignored and ridiculed and left to expose itself for the childish impertinence that, in essence, it was. Theoretically, this would have been all the easier in the early days of Soviet power for the reason that Russia was then undergoing a moment of great physical weakness. The fact that the Marxist-Leninist outlook was associated with the resources of the Russian state added little in those early days to its physical power. The Bolshevik leaders could rant and denounce; they could attempt to sow doubt and dissension in the Western World. But they had little to draw on in the way of physical resources from the territory under their control. And when, in December of 1918, the new Soviet Government appropriated two million rubles for the promotion of world revolution, this naive gesture was actually a revelation of its physical helplessness in the face of the vast world-revolutionary task its leaders had marked out for themselves.

European Dislocations and Spread of Communism

Initially, the real difficulty lay not in the control by these men of the resources of an established state, but in the fact that they had come into power, armed with this amazing theoretical challenge to the soundness of Western institutions, precisely at a time when the West, generally, was abnormally sick and weak, exhausted and shattered by the terrible effects of World War I, showing on every hand the signs of strain and shock, its confidence shaken in its own traditions and institutions. The war had not only created new dislocations which were poorly understood and affected people with feelings of restlessness and frustration, but it had also exacerbated changes of a long-term nature already in progress in Western society and themselves calling for painful and drastic adjustments.

In the years following the prodigious bloodletting of the first world war, weaknesses and deficiences stood out all over on the body of Western civilization. It was an easy thing for the Bolsheviks, with their glib and "simpliste" philosophy, to portray as basic weaknesses of the capitalist system things that were actually direct consequences of the great physical and spiritual debauche that modern war invariably represents, or part of the normal tensions of growth and change, made more crucial and painful by the effects of the war. The sparks thrown out by the Moscow leaders, supported by the emotional vitality of a primitive society, struck fire in many places in the tired, shaken Western World: wherever it was weak or divided or lacking in confidence in itself. In this way a curious bond was struck between the Russian revolution and the tensions and discontents of Western civilization everywhere.

Previously, the great countries of the West had been left to work out their internal trials largely in their own way, through the free play of indigenous forces, failure and weakness rendering them more vulnerable only against the limited aspirations of Western neighbors. Now, just at a time when the internal tensions were greatest, an external enemy arose—an enemy not created but self-inspired and self-declared—and so constituted as to take advantage of every centrifugal tendency, every element of self-doubt, every element of sickness or of weakness, in Western civilization. From that time onward, the germ of Communist over-simplification rode like a malignant bacillus, ever present, in the veins of Western society, powerless to disrupt the functioning of the organism so long as health and vigor were present, but ready to seize on the slightest ulterior weakness in order to poison, to disintegrate, and to kill.

From the day of the Russian Revolution, the society of the West came to be haunted by a species of foreign demon, geared to take advantage of every gap between Western ideals and Western performance, implacably determined to make the West be all that it purported to be and live up to its highest pretensions, or to accept the horror of totalitarian rule by its own criminal elements in the interests of a foreign state.

Miraculously enough, considering the conditions of the Western World in 1918, nowhere except in Russia herself did society succumb to this demon in those ensuing years. Everywhere in the Western World, even in the new and untried states of Eastern Europe, health and strength proved sufficient to resist the virus. Communist parties remained; but they ceased to constitute in most countries any immediate revolutionary threat; they came more and more to be a sort of traditional fixture of the Western state; a curious receptacle into which there could be poured, decade after decade, all that fringe of the human species that tended by nature to turn against its human environment and to seek fulfillment of its own ego in the defiance of all that others believed and cherished.

Such people always exist; they are a mutation of the species. The presence of real grievances and hardships has only a remote relation to their state of mind. Their trouble is subjective; and if it arises originally in environmental factors, as I suppose it often does, these factors are never—but really never—the ones of which they are conscious, of which they complain and against which they inveigh. There has to be a place for such people in any society; and so far as the Western countries are concerned, perhaps the Communist parties provide as favorable a place as any other, since here you have them all together, identified in a public association, their aims widely known and understood.

Soviet Physical Strength Increases

But as the ideological threat of Soviet power declined, the physical strength of the territory and peoples under Soviet rule began to increase. The ravages of the war were gradually overcome. Russia began to resume the march of economic and military development which had been in progress before World War I. In this way, with the passage of the decades, the Soviet leaders moved steadily away from their role as intellectual and political gadflies for the Western countries, and closer to the traditional role of Russian rulers competing for position amid the territorial and military rivalries of the Eastern European and Asiatic areas.

This situation might have existed for many years, and with no greater detriment to world stability than it had involved in the years of the nineteenth century, had World War I really settled the problems over which it was fought. But this was precisely what it failed to do. What people believed to be a settlement was actually only a state of mutual exhaustion. The war had arisen from a serious element of disunity in Western society: this was the profound disagreement as to the place which the German people, having suddenly emerged on the European scene as a powerful and vigorous national entity, were to have in the European scheme of things.

But since the war had *failed* to lead to any real political settlement on this point (and by that I mean a settlement roughly acceptable to both parties) and had only produced conditions bound to exacerbate the issue, the entire disagreement emerged again in the thirties in a new and more virulent and more horrible form, in the form of Adolf Hitler and the movement he headed. And in Hitler's aims and methods, marking as they did the most grievous disunity among the Western nations, attended by a readiness on his part to use force against the others, and coupled with the military weakness of the Western democracies, there lay the historic opportunity of which Moscow could hardly fail to take advantage.

For once the battle was on between Hitler and the Western democracies, neither party in the Western quarrel was strong enough to carry out its purpose completely without Soviet help. The Nazis needed help in the form of the non-aggression pact in the early period; the Western allies needed help in the form of 180 Soviet divisions in the later phase. Western disunity was Moscow's chance. For their inability to fight each other without invoking Soviet assistance, and their inability to refrain from fighting each other in the light of this tragic fact, both sides paid a price. That price was in large part the installation of Soviet military and political power over half of Europe in 1945; and there is perhaps a deep historical justice in the fact that that price is being paid today in almost equal measure by the Germans and their Western adversaries in the recent war.

In saying this, I am not seeking to exculpate Hitler and his associates from their heavy responsibility. There could have been no greater betrayal of Western civilization than the mad path on which they embarked in 1938 and 1939. The Nazis confronted the Western powers with the most impossible and tragic of choices. All the hysterical cries and warnings of Goebbels about the Bolshevik menace in the final days of the war could not wipe out this dark responsibility. But the Nazi era was only the last act in a tragic drama that had run through several decades. And for the earlier course of that drama all of us who were prominently involved, and that includes ourselves in the United States, had a share of the blame.

Geographic Extension of Soviet Power

The establishment of the Soviet leaders as the masters over half of Europe was, then, a part of the price that the Western powers paid for their inability to solve their differences without resort to war. I think it important to note that it was precisely this geographic extension of Soviet power that was the principal factor in making Moscow so much more of a problem to the rest of the world today than she was before this last world war. It placed her in command of the resources of Eastern and Central Europe. It gave her access to the advanced technology of that area. It served to overcome much of her congenital industrial backwardness. At the same time it lamed the productive and recuperative capacities of Europe generally, and rendered impossible the restoration of any real, political stability to the Western and Central European areas.

And I think it important to note that all of this had little to do with Soviet propaganda or with the political appeal of Moscow's ideas. Moscow's aid was invoked or accepted by both of the Western parties in World War II on a basis of straight military power, in the most old fashioned sense. And the gains that Moscow made by virtue of this advantage were primarily military, not ideological, gains. Such ideological inroads as the Soviet propagandists were able to make on the European peoples in the final phases of the war were in direct proportion to the degree in which Moscow was able to conceal its real aspirations and to masquerade as a liberal democratic power instead of the center of a ruthless conspiracy. When this mask fell off, the power of Moscow's ideas largely disintegrated.

Only the inordinately large French and Italian Communist parties remain in Europe today as living witnesses of the bewilderment and confusion the Communists succeeded in introducing into Europe in the wake of the war. But I find it difficult to believe that even the members of these parties really want what they appear to want: namely, the enslavement of their own people to a brutal and cynical foreign dictatorship. I am sure that in the great majority of cases their association with this movement is a gesture of despair and impatience, flowing from domestic political frustrations within their respective countries, and that they would reject with horror and indignation if they could see it in the flesh, the real embodiment of the ideas in which they profess to believe.

Surely for the Western World in general the Soviet threat today is almost exclusively a physical one, a military-territorial one along traditional patterns, not one of the power of ideas. Starting from what was once a very favorable position, the Soviet leaders have succeeded over the years in divesting themselves of all claim to moral and intellectual leadership in the Western World.

The Threat to Asia

The same, unfortunately, cannot be said of Asia. Here the pattern is reversed. Scarcely anywhere beyond the northern borders of China and Korea does the Soviet Union itself today appear as a military threat to the independence of other people in the Asiatic area. But here the scene is marked by one of the most curious and important phenomena of our time: the appeal of Marxist thought and of the Soviet example, in particular, to people who have not yet come into the enjoyment of sovereign power or who are new to its exercise—above all, to people whose national consciousness and identity were formed under varying degrees of Western tutelage and control and who are now seeking to free themselves from the moral burden of this heritage.

I think we in the West must face the fact that for a great many of these people the repulsion that Soviet realities hold for us is not operable in any where near the same degree. Their accumulated resentment of Western patterns is so great that anything that departs completely from those patterns is apt to appear commendable in their eyes by that very fact. The wastage of human life does not impress them. They are prepared to accept physical squalor and cruelty if they can believe that it serves a social purpose. Soviet power is something that is more, rather than less, attractive to them by virtue of the fact that it has been accompanied by physical hardship and deprivation, by sacrifice of the interests of the individual, by a renunciation of precisely that conspicuous luxury, that physical self-pampering, that pretention to a pompous individual self-importance through which the westerner has made himself hated and despised in so many areas of the world.

The Western World, and our country in particular, must be extremely careful how it deals with this phenomenon of the Soviet appeal to the peoples of the underdeveloped areas of Asia and elsewhere. We must take account of the fact that the past has left an emotional legacy that will not soon be overcome. We must realize that our concepts and example are not always necessarily relevant to the needs of peoples elsewhere. We must contrive to understand, as a normal human phenomenon, the fact that Asian peoples sometimes wish to do things one way precisely because it is *not* the way we do them—because they wish to demonstrate to themselves, and to reassure themselves of, an independence which is new and wonderful to them and in which they cannot yet fully believe. Finally, we must understand the impatience that causes many of them to reject the concept of free enterprise as the best means of achieving rapid industrialization and to look elsewhere for means to this end.

U. S. Must Be Tolerant

But with all this, they must not expect us to agree with them, or to encourage them, when they look precisely to Moscow for things they will certainly not find there and, in so doing, place themselves and the security of entire geographic areas in jeopardy. It is one thing to ask of us in the West humility and understanding, a recollection of the mistakes of the past, and a tolerance for what is only human and unavoidable. It is another thing to ask us to affirm the reality of things we know to be illusions, and to acquiesce in changes we know to be disruptive of the long-term prospects for peace and stability. Americans can and should have understanding for a desire of other peoples to go their own way, even if it not be our way; but they can have no understanding of a desire to go Moscow's way, when they know too well what that has meant in practice to others who have entered on that path.

No American can be expected to view with anything other than abhorrence the propositon that men are best ruled by lying and deceit, by appeals to hatred and suspicion and fear, by the destruction of religious belief, by the denial of moral obligation on an individual ethical basis.

To the extent that Asia manifests a revulsion to the West as a negative reaction to the experience of colonialism, and Western paternalism in the past, and wishes for this reason to strike out on paths of its own, we Americans must find within ourselves the dignity and maturity to accept this, in the confidence that time will eventually develop a better appreciation of all values and a more balanced understanding of American civilization. Even in the field of economic theory, we must learn to be tolerant of approaches we firmly believe to be fallacious. But to the extent that peoples in Asia and Africa indulge themselves in the belief that Soviet-Communist political leadership can bring them anything else than the misery it has brought to all others who have experienced it—to that extent, Americans must view these peoples as victims of a tragic and terrible naivete, and must take this aberration into account when dealing with them.

People in Asia should be careful about rejecting these American feelings as the expression of some sort of selfish or imperialist interest on the part of the United States — as an effort to entice others into the quarrels of the great powers. If people in Asia were to abandon themselves to Communist deceits, American interests, it is true, would suffer. But the first to suffer would be these Asiatic peoples themselves, and the damage to their interests would be greater and more immediate than any damage to the interests of the United States.

"Peak of Danger Has Passed"

Actually, as of the year 1953, there seems to be reason to hope that the peak of this danger has passed. The real and decisive struggle in Asia has been taking place in the minds of men; and it seems to me that one can discern there a certain turn of the tide of battle to the favor of the forces of realism and common sense. This is not, and should not be, a movement in the direction of any increased pro-Americanism, or any slavish admiration of Western institutions. No sensible person seeks anything of this sort. It is a turn in the direction of a better understanding of the nature of both Soviet power and Western democracy. It marks a more sober appreciation both of the dangers that lie for the Asian peoples themselves in a subordination to the influence of Soviet communism, and of the possibilities that lie in a more mature approach, taking from every source, Communist or Western, that which is relevant to Asia's problems and helpful to their solution but rejecting on principle every political creed and every political influence based on hatred and the degradation of human nature.

Soviet Threat—a Function of West's Own Weakness

These reflections are sufficient, it seems to me, to indicate that for the West, at least, the Soviet threat is only a function and expression of the West's own weakness. It was Western disunity that brought the Soviets into Europe for the first time as a military power capable of placing a temporary veto on the restoration of hope and stability to the European scene. It was the tragedy of the Western impact on Asia—the long record of superficiality and selfishness and pretentiousness *vis-a-vis* impressionable and observant peoples—that made possible the neuroses and illusions on which Soviet influence feeds today in that area.

A distinguished French scholar, present at this conference, once observed in connection with the phenomenon of domestic communism that "error must . . . always be regarded as a crisis in the internal development of truth."[2] It may be said, similarly, that for the Western World the Soviet threat is primarily an internal crisis in the West's own development. In this appreciation there lies, in my conviction, the key to the understanding of the correct method of approach to the Soviet problem.

Now up to this point, my friends, I have spoken only about the non-Communist world. I have said nothing about the peoples of the Soviet Union, or about the regime under which they are languishing. These are of course two different things. They must be mentioned separately.

Totalitarian State—Nightmare of 20th Century

The Soviet regime, while embodying many traditional Russian features and now showing significant signs of evolution, is still the unique outstanding example of that nightmare of the twentieth century: the totalitarian state. This is in certain respects a new phenomenon in the inventory of political institutions. We do not yet fully know the laws of its development.

Plainly, the edifice of Soviet power is faced today with severe strains and crises. These can be observed in its internal structure, which has come to depend on the institution of a supreme and glorified leader but contains no formal provision for the method of his selection. They can also be observed in the satellite empire, where the nature of Soviet power has been thoroughly exposed, where its devices have worn thin, where it is harvesting the crop of hatred and rejection it sowed with such reckless arrogance some years ago, in defiance of the pleas and warning of the Western World.

It is our business neither to save it from its follies nor to confuse the issue by attempting to assert ourselves into its difficulties. If our own beliefs are sound, Soviet power will continue to suffer, as it is suffering today, by the effects of its own unsoundness—its incompatibility with the deepest human needs, and it will eventually earn the retribution it so justly deserves. It is important that this process be permitted to reveal itself with such vividness and clarity that for generations to come, and let us hope forever, men will not again be tempted to seek their political fortunes through the degradation of fellowmen, forgetting that it is themselves who are thereby most deeply degraded.

U. S. Attitude Toward Russian People

And as for the Soviet peoples, we can only stand aside, respectful of the ordeal they are undergoing, mindful of the real human sacrifices this has involved, careful not to bestow either praise or blame too quickly where we understand very little of what is going on, maintaining our readiness to be helpful to the extent that we can, when and if the opportunity ever develops. We must not underrate the human damage that has been done by 35 years of Bolshevism: the partial brutalization of the youth, the neglect of religious truth, the primitivization of political and social concept, the atrophying of the qualities of individual self reliance and responsibility. If and when the Soviet peoples ever emerge from this long ordeal, we must not expect them to react like people who had never gone through it. In many ways, they will be in great need of forbearance and understanding.

On the other hand, we must be careful not to approach them with an attitude of superiority and moral instruction. In their long and excruciating subjection to the power of human evil, they have unquestionably sounded depths of human experience beyond the ken or imagination of people in our world. Who knows but what, in the course of this ordeal, spiritual values have not been discovered — or rediscovered — of immense profundity, perhaps even essential to the healthy development of our own civilization? After all we, too, face a crisis at this time in the adequacy of our own spiritual concepts to the strains of our industrial and urban civilization. Perhaps those who have passed through the purgatory of totalitarianism will have something to tell us that we could not have learned in any other way.

Problem Posed by Russia

Looking at all these things together, I cannot resist the conviction that there is some great historical logic in the existence at this time of the phenomenon we call Soviet power and in the problem it poses for the world beyond its own borders. To the West it stands as an admonition of the necessity for internal unity and mutual tolerance and a reminder of the immense moral responsibility that rests upon us by virtue of our rise to political and economic ascendancy in advance of other portions of the modern world. To the East it stands as an enticement and a test of maturity: as the bearer of something the Eastern peoples must have the strength to reject if their long-coveted independence is to be more than a new disillusionment and failure. As for the Russian people themselves and the other peoples of the Soviet Union, I fear the measure of their tragedy is now beyond our imagination or comprehension. On the great plains of Russia and Siberia, a moral struggle is in progress so immense that it must, it seems to me, be either the final demonstration of civilization's failure or the breeding ground of new spiritual forces of wide historic significance.

All of these developments stress, to my mind, the central feature of our age: the universal interdependence of mankind, which means that nowhere can men be entirely happy while human nature is still being mocked and tortured on other parts of the globe, but also that nowhere need men be completely desperate so long as somewhere else other men are trying to build a decent life based on the principles of charity and mutual responsibility. This does not mean we need lose ourselves in lavish schemes for world betterment by external action. There are many important things to be done; but example is still, after all, the greatest agency by which men help each other. To me, the prime moral dictate that flows for us from these realities is still the cultivation of the cleanliness and simplicity of our own national life, coupled with humility, respect, reservation of judgment, and readiness to be helpful within the modest possibilities of helpfulness, in our approach to others. The deepest duty of American civilization in the face of Soviet power lies still in the being, not the doing.

2 Rossi, A., *A Communist Party in Action*. New Haven: Yale University Press, 1949. p. 256.

Public Utility Securities

By OWEN ELY

Puget Sound Pr. & Lt.-Washington Water Pr. Merger

Puget Sound Power & Light has for many years been involved in the fight over public vs. private power in the State of Washington, where it operates. The history of this contest has been dramatically described by Puget's President, Frank W. McLaughlin, in his annual reports to stockholders. The 1952 report pictured a crystal ball on the cover, covered with such phrases as "critical power shortage," "municipal rate reductions," "joint district purchase," "Piecemeal condemnation cases," "Federal vs. local control," "WWP-Puget merger," "interstate compact," "legislation," "law suits," etc. Probably no utility in the country can boast of such a "checkered career" over the past decade.

While some parts of the property have already been sold to Public Utility Districts (PUD's) and the City of Seattle, the company is still an operating entity with substantial hydro capacity and some steam standby units. It is a member of the Northwest Power Pool and has sold power on balance in the past two years. Proceeds of property sales have been used largely to retire senior securities, producing a 60% stock equity.

President McLaughlin some time ago decided that, if the PUD's were to continue nibbling at his property (there are 12 condemnation suits still pending) he would prefer to sell the company as a unit. A plan for joint purchase of the property by a group of PUD's finally developed. Two of these dropped out, but the remainder arranged a deal with an underwriting syndicate to sell a large issue of revenue bonds to finance purchase of the greater part of the property.

Just before this could be consummated, however, the President of Washington Water Power, Kinsey Robinson, proposed a merger of Puget with his company. At that time Puget preferred to consummate the PUD sale, and stockholders voted in favor of such a sale, despite some harassing litigation alleged to have been initiated by WWP. After one or two abortive merger plans had been proposed, Messrs. Robinson and McLaughlin finally got together early this year on a new plan which was approved by their respective Boards.

This final plan has been under consideration by three commissions having jurisdiction—the state commissions in Idaho and Washington and the Federal Power Commission. The Idaho commission quickly approved the merger but the Washington commission has gone into the matter more thoroughly, with proceedings closed only recently; a decision is expected at a comparatively early date, in view of the pressure of stockholders' interest. The FPC is also expected to expedite proceedings and reach a decision fairly soon, possibly in September, with a final order after the stockholders of both companies have acted on the merger plan.

It is, of course, impossible to predict the crucial decision to be handed down by the Washington state commission. Proponents of the merger have, however, been somewhat encouraged by the fact that the commission, on its own initiative, ordered an engineering report to be prepared by Ford, Bacon & Davis, Inc. of 39 Broadway, New York, well-known utility engineers. This report, a voluminous document containing 87 pages of text, five maps and charts and 15 large tables, presents an appraisal of the results of the proposed merger.

The firm estimates potential generating economies from the merger at $1,148,000, and administrative economies at $248,000 (the latter effective only gradually) or a total of nearly $1,400,000. On the other hand, there would be an estimated increase in interest charges of $384,000 due to preferred stock redemption costs, loans to take up unexchanged Puget stock, etc.; and to bring Puget employees up to the same pension basis as WWP would cost about $600,000 a year for 10 years. The total of these two latter items is nearly $1 million, leaving net economies of roughly $400,000, less increased income taxes.

A number of smaller operating economies might be possible in accounting, purchasing, maintenance, etc., though no estimate of these was presented. "Customer and employee relationships, quality of service, availability of power to customers, relationships with power pools and similar matters are not affected in any way whether there is a merger or not," the report concluded. However, the firm estimated that $11 million of future plant construction could probably be avoided if the merger were consummated.

Under the proposed plan, the merger would not be consummated (for tax reasons) unless over half of the Puget stock is turned in for exchange for Washington Water Power new convertible preferred and common stocks (a minority can obtain $27 a share in cash if they prefer). Following are the pro forma estimates of capital structure, together with other ratios and share earnings, as presented in the Ford, Bacon & Davis report:

	% of Puget Stock Converted (Balance Retired by Cash) 50%	100%
Capitalization:		
Bonds and Bank Debt	69%	54%
Preferred Stock	7	14
Common Stock Equity	24	32
	100%	100%
Percent of Rev. Available for Common Stock	15.8%	15.2%
Gross Income as % of Net Plant	5.3	5.0
*1952 Pro Forma Share Earnings	$2.10	$1.70
*1953 Pro Forma Share Earnings	2.38	1.94

*Prepared by Wm. C. Gilman.

Continued from page 5

The State of Trade and Industry

this universal use along with military demand for bars for ammunition production accounts for the demand that has exceeded supply for almost three years.

The easing in pressure is stemming not from one single consuming area but from many segments. This easing must not be interpreted as a falling apart of the bar market, continues this trade paper, since the pressure for hot-rolled bars, particularly the larger sizes, has been so intense that there could be a considerable easing and still a strong demand would exist. A majority of consumers still indicate they want their full mill quotas of hot-rolled bars for the fourth quarter.

Improvement that may be indicated in steel availability by the easing of hot-rolled carbon bars should not be looked upon as a catastrophe. A balance would be welcomed by steel consumers and steel producers alike, "Steel" notes.

In an effort to make enough steel to fill the demand, steel producers have been, and still are, increasing their production capacities. In addition, they have been utilizing their facilities to a high degree. Another proof of this is their new July production record. The new record, set last month, is 9,284,000 net tons of steel for ingots and castings. That marked the sixth month this year that production exceeded nine million tons and helped set a record for the first seven months of a year: 67,229,936 tons, this trade journal points out.

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 96.3% of capacity for the week beginning Aug. 17, 1953, equivalent to 2,170,000 tons of ingots and steel for castings as against 95.2% (revised), or 2,146,000 tons a week ago. For the like week a month ago the rate was 94.4% and production 2,128,000 tons. A year ago the weekly production was placed at 2,017,000 tons and the operating rate was 97.1% of capacity.

Car Loadings Register Decline of 1.1% in Latest Week

Loading of revenue freight for the week ended Aug. 8, 1953, decreased 8,405 cars, or 1.1% below the preceding week, according to the Association of American Railroads.

Loadings totaled 785,349 cars, an increase of 3,701 cars or 0.5% above the corresponding 1952 week, but a decrease of 24,016 cars or 3.0% under the corresponding 1951 week.

Electric Output Last Week Registered New All-Time High Record

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Aug. 15, 1953, was estimated at 8,513,782,000 kwh., according to the Edison Electric Institute.

This represented a new all-time high record and reflected an increase of 50,166,000 kwh. above the previous week's figure of 8,463,616,000 kwh. The preceding high point for the industry was at 8,511,622,000 kwh. and occurred in the week ended Aug. 1, 1953.

The current total was a gain of 887,174,000 kwh. or 11.6% over the comparable 1952 week and an increase of 1,349,313,000 kwh. over the like week of 1951.

U. S. Auto Output in Latest Week Advanced About 12%

Automotive output for the latest week rose about 12% above the preceding period, states "Ward's Automotive Reports."

The industry turned out 125,959 cars last week, compared with 112,491 in the previous week. A year ago, because of the steel strike, the weekly production was only 22,776.

United States truck production last week totaled 24,961 compared with 22,991 the previous week. A year ago truck output was only 9,836 units.

Canadian companies made 1,548 cars last week, compared with 2,180 in the previous week and 3,147 in the like 1952 week. Truck production amounted to 265 units last week, against nine the week before and 1,131 in the year earlier period.

Business Failures Dip in Latest Week

Commercial and industrial failures declined to 150 in the week ended Aug. 13 from 195 in the preceding week, Dun & Bradstreet, Inc., reports. Despite this decrease, casualties remained heavier than a year ago when 141 occurred but were off slightly from the toll of 158 in 1951. Continuing below the prewar level, failures were down 41% from 253 recorded in the similar week of 1939.

Casualties involving liabilitites of $5,000 or more were lower at 132 last week, but exceeded the total of a year ago. A sharper decline took place among small failures, those with liabilities under $5,000 which dropped to 18 from 41 in the previous week and 30 in the comparable week of 1952. Ten concerns failed with liabilities in excess of $100,000, compared with 26 last week.

Wholesale Food Price Index Declines for Third Straight Week

Food prices, as measured by the Dun & Bradstreet wholesale Food Price Index, continued to drop for the third successive week. The index fell four cents to $6.63 on Aug. 11, the lowest in five weeks, or since July 7, when it was $6.62. It compared with $6.66 on the corresponding date a year ago, or a decline of 0.5%.

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 Registered Moderate Decline

The daily wholesale commodity price index compiled by Dun & Bradstreet, Inc., continued its decline from the year's high point touched a few weeks ago. The index closed at 280.44 on Aug. 11, as compared with 281.26 a week earlier, and 293,15 a year ago.

Grain markets were very unsettled last week. All grains registered sharp losses, particularly wheat, despite reports of rust damage in the Northwest.

The decline was mainly attributed to apprehension over the outcome of the wheat production and marketing quota referendum held last week, which will affect the 1954 Government price support program.

Continued poor flour business and the absence of export trade were also bearish influences in wheat. Other grains were affected by the break in wheat although declines were not as large as in the bread cereal. Trading in grain and soybean futures on the Chicago Board of Trade in the preceding week fell to a daily average of 44,100,000 bushels from 47,700,000 a week earlier, and 61,700,000 a year ago.

Flour prices trended downward at the close of the week following early firmness. Demand continued on a hand-to-mouth basis with bakers and jobbers showing reluctance to make any extended commitments in the belief that prices will work lower when the new wheat corp movement develops in the Northwest.

After holding steady most of the week, coffee futures as well as spot prices declined sharply on Monday of last week following the announcement that the Brazilian Government had revised its exchange regulations as affecting minimum export prices for coffee.

Cocoa also showed signs of weakness after moving upward for more than a month. Profit-taking and the Brazilian exchange action combined to depress prices as the week closed. The Chicago livestock market was featured by a sharp upturn in hog values in the latter half of the week after prices had dropped to their lowest levels since mid-April.

Spot cotton prices drifted mildly lower during the week and fell sharply at the close following the unexpectedly large official crop estimate issued on Aug. 10.

In its first report of the season, the Crop Reporting Board of the Department of Agriculture forecast a 1953 yield of 14,605,000 bales, or considerably above the average of private estimators which ran about 14,100,000 bales. This year's crop, if fulfilled, will show a drop of only 3.5% from the actual 1952 production of 15,136,000 bales. Reported sales of the staple in the 10 spot markets showed a moderate increase and totaled 63,200 bales for the week, against 48,300 the previous week and 77,500 in the corresponding week a year ago. Repayments on 1952-crop cotton in the week ended July 31 increased sharply to 54,300 bales, from 9,800 the week before, and represented the largest weekly volume for the 1952-1953 season. Loans outstanding at the end of the season totaled 1.751,300 bales.

Trade Volume Continues Higher Aided By Special Promotions

Attracted by many special promotions, shoppers increased their spending sligthly in many parts of the nation in the period ended on Wednesday of last week, states Dun & Bradstreet. As during the past year most retailers were able to surpass the sales figures of a year ago. The approach of fall was heralded by rising demand for back-to-school needs.

Relaxed credit terms helped to sustain shoppers' interest. Suburban shopping centers chalked up more favorable year-to-year gains than did large city stores.

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

More money was spent on household goods than in either the prior week or the similar week last year.

The traditional August furniture promotions were quite effective in most cities. "White sales" also spurred consumer demand.

Decorating materials, incidental furniture and bedding were in broad demand; the call for major appliances and television sets remained desultory.

Shoppers boosted their buying of apparel last week as Summer clearances and Fall promotions combined to stir wide interest. The total spent on apparel continued to surpass that of a year earlier. Widely popular were slacks, sportswear, men's shirts and children's clothing. The buying of Fall clothing was noticeably larger than in recent weeks, pointing to substantial sales in the months to come.

Housewives bought about as much food as during the prior week and moderately more than in the similar 1952 week.

Aggressive promotions of poultry and beef sustained the high level of consumption.

Substantial gains over the year-ago levels were reported in the buying of margarine, frozen foods, canned beverages. The supplies of fresh produce mounted in many parts.

Trading activity in many wholesale markets in the period ended on Wednesday of last week emerged further from the seasonal slowdown of recent weeks as many buyers placed reorders for their fall needs. The total dollar volume of wholesale trade continued to be moderately larger than a year earlier. Despite record volume of inventories, buyers were generally not particularly apprehensive.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, for the week ended Aug. 8, 1953, rose 2% from the level of the preceding week. In the previous week a decrease of 1% was reported from that of the similar week of 1952. For the four weeks ended Aug. 8, 1953, an increase of 2% was recorded. For the period Jan. 1 to Aug. 8, 1953, department stores' sales registered an increase of 4% above 1952.

Retail trade in New York was adversely affected by unfavorable weather on Friday of last week and, as a consequence, sales volume was expected to show a decline of 4 or 5% from the 1952 period.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended Aug. 8, 1953, advanced 4% from the like period of last year. In the preceding week no change was reported from that of the similar week of 1952, while for the four weeks ended Aug. 8, 1953, an increase of 3% was reported. For the period Jan. 1 to Aug. 8, 1953, an increase of 1% was registered from that of 1952.

Three With Davies Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Robert J. Buckley, J. Harry Orpen and K. B. Stedman are now with Davies & Co., 425 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

With Managed Inv.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Martinus A. Lien has become connected with Managed Investment Programs, 41 Sutter Street.

Schwabacher Co. Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Elliott G. Alchimisti is with Schwabacher & Co., 600 Market Street, members of the New York and San Francisco Stock Exchanges.

With Dean Witter Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—David J. Basham has been added to the staff of Dean Witter & Co., 45 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Joins Barham Staff

(Special to THE FINANCIAL CHRONICLE)

CORAL GABLES, Fla. — Evander G. MacRae has become connected with Barham and Company, 2148 Ponce de Leon Boulevard.

Joins Goodbody Staff

(Special to THE FINANCIAL CHRONICLE)

FT. MYERS, Fla.—Robert J. Hyman has become affiliated with Goodbody & Co., First National Bank Building.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Paul E. Watkins has joined the staff of King Merritt & Co., Inc. He was formerly with A. M. Kidder & Co. and Sheehan & Wolf, Inc.

A. C. Allyn Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Andreas P. Klauer has been added to the staff of A. C. Allyn & Co., Inc., 30 Federal Street.

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. 23	§96.3	*95.2	94.4	97.1
Equivalent to—					
Steel ingots and castings (net tons)	Aug. 23	§2,170,000	*2,146,000	2,128,000	2,017,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Aug. 8	6,538,250	6,556,750	6,515,700	6,266,950
Crude runs to stills—daily average (bbls.)	Aug. 8	¶7,063,000	7,024,000	7,267,000	6,909,000
Gasoline output (bbls.)	Aug. 8	24,477,000	24,783,000	25,002,000	22,984,000
Kerosene output (bbls.)	Aug. 8	2,196,000	*2,309,000	2,547,000	2,604,000
Distillate fuel oil output (bbls.)	Aug. 8	9,744,000	9,774,000	10,237,000	10,178,000
Residual fuel oil output (bbls.)	Aug. 8	8,576,000	8,586,000	8,965,000	8,856,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Aug. 8	143,319,000	143,423,000	144,053,000	116,930,000
Kerosene (bbls.) at	Aug. 8	31,681,000	30,732,000	28,991,000	28,808,000
Distillate fuel oil (bbls.) at	Aug. 8	106,710,000	102,651,000	90,253,000	90,355,000
Residual fuel oil (bbls.) at	Aug. 8	49,488,000	49,547,000	47,154,000	51,302,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Aug. 8	785,349	793,754	721,454	781,648
Revenue freight received from connections (no. of cars)	Aug. 8	652,005	637,611	562,345	642,857
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Aug. 13	$311,332,000	$326,510,000	$264,210,000	$237,500,000
Private construction	Aug. 13	167,693,000	220,942,000	148,808,000	75,127,000
Public construction	Aug. 13	143,639,000	105,568,000	115,402,000	162,373,000
State and municipal	Aug. 13	116,636,000	84,622,000	81,009,000	50,739,000
Federal	Aug. 13	27,003,000	20,946,000	34,393,000	105,634,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Aug. 8	9,390,000	*9,250,000	6,910,000	9,430,000
Pennsylvania anthracite (tons)	Aug. 8	536,000	589,000	590,000	713,000
Beehive coke (tons)	Aug. 8	90,700	*95,900	91,500	46,500
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Aug. 8	92	86	92	90
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Aug. 15	8,513,762	8,463,616	8,209,203	7,626,608
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Aug. 13	150	195	148	141
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Aug. 11	4.634c	4.634c	4.634c	4.376c
Pig iron (per gross ton)	Aug. 11	$56.76	$56.76	$56.76	$55.26
Scrap steel (per gross ton)	Aug. 11	$44.42	$44.58	$44.83	$42.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Aug. 12	29.450c	29.700c	29.700c	24.200c
Export refinery at	Aug. 12	29.150c	29.550c	29.625c	34.850c
Straits tin (New York) at	Aug. 12	78.750c	78.750c	83.000c	121.500c
Lead (New York) at	Aug. 12	14.000c	14.000c	13.500c	16.000c
Lead (St. Louis) at	Aug. 12	13.800c	13.800c	13.300c	15.800c
Zinc (East St. Louis) at	Aug. 12	11.000c	10.890c	11.000c	13.960c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Aug. 18	93.10	93.18	93.53	97.06
Average corporate	Aug. 18	104.14	104.14	103.47	109.79
Aaa	Aug. 18	108.88	109.06	107.98	114.27
Aa	Aug. 18	106.21	106.21	105.42	112.00
A	Aug. 18	103.30	103.13	102.46	109.24
Baa	Aug. 18	98.41	98.57	98.25	103.97
Railroad Group	Aug. 18	102.30	102.30	101.31	106.92
Public Utilities Group	Aug. 18	103.47	103.64	103.47	109.42
Industrials Group	Aug. 18	106.56	106.56	105.52	112.93
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Aug. 18	2.99	2.99	2.98	2.70
Average corporate	Aug. 18	3.50	3.50	3.54	3.18
Aaa	Aug. 18	3.23	3.22	3.28	2.94
Aa	Aug. 18	3.38	3.38	3.42	3.06
A	Aug. 18	3.55	3.56	3.60	3.21
Baa	Aug. 18	3.85	3.84	3.86	3.51
Railroad Group	Aug. 18	3.61	3.61	3.67	3.34
Public Utilities Group	Aug. 18	3.54	3.53	3.54	3.20
Industrials Group	Aug. 18	3.36	3.36	3.42	3.01
MOODY'S COMMODITY INDEX	Aug. 18	421.3	417.5	427.1	435.6
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Aug. 8	346,228	255,766	175,234	233,200
Production (tons)	Aug. 8	261,943	251,865	141,246	220,763
Percentage of activity	Aug. 8	98	95	54	89
Unfilled orders (tons) at end of period	Aug. 8	608,519	522,529	598,538	456,005
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Aug. 14	106.05	106.32	106.06	110.07
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	Aug. 1	21,635	19,020	20,882	24,301
Number of shares	Aug. 1	626,405	531,325	553,322	697,796
Dollar value	Aug. 1	$28,221,869	$23,920,924	$25,060,128	$32,123,853
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Aug. 1	20,029	17,948	16,506	20,890
Customers' short sales	Aug. 1	127	133	132	85
Customers' other sales	Aug. 1	19,902	17,815	16,374	20,805
Number of shares—Total sales	Aug. 1	547,472	489,415	450,843	589,114
Customers' short sales	Aug. 1	4,578	4,870	6,672	2,887
Customers' other sales	Aug. 1	542,894	484,545	444,171	586,227
Dollar value	Aug. 1	$21,535,810	$19,369,069	$17,703,452	$24,478,557
Round-lot sales by dealers—					
Number of shares—Total sales	Aug. 1	178,530	153,220	122,150	166,740
Short sales	Aug. 1				
Other sales	Aug. 1	178,530	153,220	122,150	166,740
Round-lot purchases by dealers—					
Number of shares	Aug. 1	256,700	198,000	217,850	273,750
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 25	189,020	240,150	213,480	219,550
Other sales	July 25	4,373,410	4,553,360	5,162,870	5,247,660
Total sales	July 25	4,562,430	4,793,510	5,376,350	5,467,210
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	July 25	438,360	514,880	594,520	538,450
Short sales	July 25	61,260	92,440	93,730	124,700
Other sales	July 25	385,660	420,290	481,070	438,050
Total sales	July 25	446,920	512,730	574,800	562,750
Other transactions initiated on the floor—					
Total purchases	July 25	81,120	90,140	170,070	107,340
Short sales	July 25	15,600	22,900	9,300	11,400
Other sales	July 25	78,280	101,250	157,230	101,300
Total sales	July 25	93,880	124,150	166,530	112,700
Other transactions initiated off the floor—					
Total purchases	July 25	191,395	212,420	238,888	203,035
Short sales	July 25	54,300	42,360	54,350	43,670
Other sales	July 25	218,478	203,460	315,572	264,565
Total sales	July 25	272,778	245,820	369,922	308,235
Total round-lot transactions for account of members—					
Total purchases	July 25	710,875	817,440	1,010,478	848,825
Short sales	July 25	131,160	157,700	157,380	179,770
Other sales	July 25	682,418	725,000	953,872	803,915
Total sales	July 25	813,578	882,700	1,111,252	983,685
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Aug. 11	110.6	*110.7	110.5	112.0
Farm products	Aug. 11	96.6	*97.0	97.4	110.0
Processed foods	Aug. 11	104.7	*105.2	104.6	110.8
Meats	Aug. 11	93.1	*94.6	95.9	116.4
All commodities other than farm and foods	Aug. 11	114.8	*114.8	114.5	112.7

*Revised figure. ¶Includes 652,000 barrels of foreign crude runs. §Based on new annual capacity of 117,547,470 tons as of Jan. 1, 1953 as against the Jan. 1, 1952 basis of 108,587,670 tons.

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of June	104,152	105,464	77,476
Stocks of aluminum (short tons) end of June	17,810	21,015	13,753
AMERICAN GAS ASSOCIATION—For month of June:			
Total gas (M therms)	3,787,659	4,285,865	3,363,200
Natural gas sales (M therms)	3,561,013	4,016,907	3,131,100
Manufactured gas sales (M therms)	65,770	77,027	88,400
Mixed gas sales (M therms)	160,876	191,931	143,700
AMERICAN PETROLEUM INSTITUTE—Month of May:			
Total domestic production (barrels of 42 gallons each)	217,861,000	212,973,000	175,106,000
Domestic crude oil output (barrels)	198,086,000	193,389,000	158,310,000
Natural gasoline output (barrels)	19,733,000	19,543,000	16,770,000
Benzol output (barrels)	42,000	41,000	26,000
Crude oil imports (barrels)	21,798,000	18,839,000	16,903,000
Refined products imports (barrels)	12,170,000	11,269,000	12,586,000
Indicated consumption domestic and export (barrels)	227,504,000	240,528,000	210,735,000
Increase all stocks (barrels)	24,325,000	2,553,000	‡6,140,000
AMERICAN ZINC INSTITUTE, INC.—Month of July:			
Slab zinc smelter output, all grades (tons of 2,000 pounds)	80,825	81,617	76,930
Shipments (tons of 2,000 pounds)	74,204	76,784	43,353
Stocks at end of period (tons)	103,906	97,285	96,919
Unfilled orders at end of period (tons)	32,327	44,307	46,547
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of July (in millions):			
Total new construction	$3,273	$3,199	$3,037
Private construction	2,172	2,149	1,992
Residential building (nonfarm)	1,101	1,110	1,028
New dwelling units	970	980	910
Additions and alterations	107	107	101
Nonhousekeeping	24	23	17
Nonresidential building (nonfarm)	493	479	414
Industrial	179	187	181
Commercial	165	152	99
Warehouses, office and loft buildings	60	56	41
Stores, restaurants, and garages	105	96	58
Other nonresidential building	149	140	134
Religious	41	38	33
Educational	36	34	29
Social and recreational	15	14	11
Hospital and institutional	27	26	36
Miscellaneous	30	28	25
Farm construction	155	148	171
Public utilities	410	399	370
Railroad	43	41	38
Telephone and telegraph	53	52	51
Other public utilities	314	306	281
All other private	13	13	9
Public construction	1,101	1,050	1,045
Residential building	51	50	54
Nonresidential building	389	384	371
Industrial	172	169	161
Educational	144	142	138
Hospital and institutional	30	32	41
Other nonresidential building	43	41	41
Military and naval facilities	126	121	128
Highways	360	330	328
Sewer and water	67	63	64
Miscellaneous public service enterprises	20	17	17
Conservation and development	78	76	77
All other public	10	9	6
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of July (000's omitted):			
Total U. S. construction	$1,262,992	$1,318,070	$2,310,504
Private construction	663,704	677,219	606,317
Public construction	599,288	640,851	1,704,187
State and municipal	433,436	475,914	449,703
Federal	165,852	164,937	1,254,484
COAL OUTPUT (BUREAU OF MINES)—Month of July:			
Bituminous coal and lignite (net tons)	34,870,000	39,115,000	*25,782,000
Pennsylvania anthracite (net tons)	2,474,000	*2,886,000	2,484,000
Beehive coke (net tons)	395,300	*484,000	59,300
CONSUMER PRICE INDEX—1947-49 = 100—Month of June:			
All items	114.5	114.0	113.4
Food	113.7	112.1	114.6
Food at home	113.7	111.7	114.6
Cereals and bakery products	118.9	118.4	116.9
Meats, poultry and fish	111.3	109.2	116.5
Dairy products	107.5	107.8	108.9
Fruits and vegetables	121.7	115.2	122.4
Other foods at home	110.9	110.3	105.2
Housing	117.4	117.1	114.0
Rent	123.3	123.0	117.6
Gas and electricity	106.4	106.6	104.3
Solid fuels and fuel oil	121.8	121.8	115.8
Housefurnishings	108.0	107.6	107.7
Household operation	115.4	114.7	111.2
Apparel	104.6	104.7	105.6
Transportation	129.4	129.4	126.3
Medical care	121.1	120.7	117.8
Personal care	112.6	112.8	111.7
Reading and recreation	107.8	108.0	106.8
Other goods and services	118.2	118.0	115.7
DEPARTMENT STORE SALES (FEDERAL RESERVE SYSTEM—1947-49 Average = 100)—Month of July:			
Adjusted for seasonal variations	108	*114	105
Without seasonal adjustment	87	*108	84
FREIGHT CAR OUTPUT—DOMESTIC (AMERICAN RAILWAY CAR INSTITUTE)—Month of July:			
Deliveries (number of cars)	6,370	6,463	5,402
Backlog of orders at end of month (number of cars)	47,423	52,315	95,265
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1935-39 = 100—Month of June:			
Seasonally adjusted	241	240	204
Unadjusted	242	240	205
RAILROAD EARNINGS—CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of June:			
Total operating revenues	$924,362,095	$901,633,922	$814,450,637
Total operating expenses	688,949,438	680,507,810	645,879,934
Operating ratio	74.53	75.47	79.18
Taxes	$114,518,136	$106,270,668	$85,395,654
Net railway operating income before charges	99,672,829	95,393,045	68,100,108
Net income after charges (estimated)	79,000,000	74,000,000	53,000,000

*Revised figure. ‡Decrease.

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.

★ **Ajax Oil Co., Billings, Mont.**
Aug. 12 (letter of notification) 60,000 shares of common stock (par 50 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—18 No. Broadway, Billings, Mont. **Underwriter**—None.

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.

Applied Science Corp. of Princeton
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 being offered for subscription by common stockholders of record Aug. 6 on the basis of three-quarters of a new share for each share held (with oversubscription privileges); rights expire Sept. 15. **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.

Automatic Steel Products, Inc., Canton, Ohio
Aug. 10 (letter of notification) 17,145 shares of preferred stock (par $1) to be issued in exchange for 1,143 shares of preferred stock (no par) of The Cleveland Tapping Machine Co. on the basis of 15-for-1. **Underwriter**—None.

★ **Bellevue Mining & Concentrating Co.**
Aug. 12 (letter of notification) 4,000 shares of 7% cumulative preferred stock (par $10) and 4,000 shares of common stock (par $2.50) to be offered in units of one share of each. **Price**—$12.50 per unit. **Proceeds**—For expansion costs. **Office**—Hailey, Ida. **Underwriter**—None.

Beneficial Loan Corp., Wilmington, Del. (8/27)
Aug. 7 filed $20,000,000 of debentures. **Price, etc.**—To be supplied by amendment. **Proceeds** — To reduce bank loans. **Underwriter**—Eastman, Dillon & Co., New York.

★ **Big Spring Exploration, Inc.**
Aug. 12 (letter of notification) 50,000 shares of common stock, of which 35,000 shares will be sold for the account of the company and 15,000 shares on behalf of John R. Hatch, a Vice-President. **Price**—At par ($1 per share. **Proceeds**—For working capital. **Underwriter**—None.

Blackwater Gas & Oil Corp., New York
Aug. 6 (letter of notification) 299,500 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For well drilling and working capital. **Office**—Room 702, 60 Wall St., New York, N. Y. **Underwriter**—Charles J. Maggio, Inc., New York; Jackson & Co., Boston, Mass.; and Claybaugh Securities Co., Harrisburg, Pa.

Buckeye Incubator Co., Springfield, Ohio
July 27 (letter of notification) 215,000 shares of common stock (par $1) being offered for subscription by common stockholders of record Aug. 3 at the rate of 86 shares for each 100 shares held (with an oversubscription privilege); rights to expire Aug. 31. **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.

NEW ISSUE CALENDAR

August 21 (Friday)
Wisconsin Power & Light Co.______Preferred
(Smith, Barney & Co. and Robert W. Baird & Co.) $2,000,000

August 24 (Monday)
Minnesota Mining & Manufacturing Co.___Common
(Goldman, Sachs & Co.; Kidder, Peabody & Co., and Piper, Jaffray & Hopwood) 145,000 shares
Plateau Uranium Mining Corp.______Common
(Tellier & Co.) $299,850

August 25 (Tuesday)
Southern California Edison Co.______Bonds
(Bids 8:30 a.m. PDT) $30,000,000
West Coast Telephone Co.______Common
(Blyth & Co., Inc.) 60,000 shares

August 26 (Wednesday)
Northland Oils, Ltd.______Common
(M. S. Gerber, Inc.) $150,000

August 27 (Thursday)
Beneficial Loan Corp.______Debentures
(Eastman, Dillon & Co.) $20,000,000

August 31 (Monday)
Denver & Rio Grande Western RR.___Eq. Tr. Ctfs.
(Bids to be invited) $3,300,000
Southern Union Gas Co.______Common
(Offering to stockholders—not underwritten) 108,350 shares
Trans-Penn Transit Corp.______Common
(Bids noon EDT) 404,500 shares
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
Hollingshead (R. M.) Corp.______Common
(Drexel & Co.; Hemphill, Noyes & Co.; and Stroud & Co., Inc.) 20,000 shares

September 2 (Wednesday)
Duke Power Co.______Common
(Offering to stockholders—no underwriting) 208,321 shares
Southern Bell Telephone Co.______Debentures
(Bids 11 a.m. EDT) $30,000,000

September 3 (Thursday)
Illinois Bell Telephone Co.______Common
(Offering to stockholders—no underwriting) 558,703 shares

September 9 (Wednesday)
Central Hudson Gas & Electric Corp.___Debentures
(Underwriters to be named later) $6,000,000
Central Hudson Gas & Electric Corp.______Common
(Offering to stockholders—may be underwritten by Kidder, Peabody & Co. and Estabrook & Co.) 133,978 shares
Central Illinois Public Service Co.______Common
(Bids to be invited) 350,000 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) 184,739 shares
Household Finance Corp.______Debentures
(Lee Higginson Corp.) between $20,000,000 and $25,000,000
Ionics, Inc. ______Common
(Lee Higginson Corp.) 131,784 shares
Pacific Telephone & Telegraph Co.______Debs.
(Bids to be invited) $50,000,000
Tennessee Gas Transmission Co.______Preferred
(Stone & Webster Securities Corp. and White, Weld & Co.) $10,000,000
Westinghouse Air Brake Co.______Debentures
(The First Boston Corp.) $35,000,000

September 16 (Wednesday)
Carolina Telephone & Telegraph Co.______Common
(Offering to stockholders—no underwriting) 33,320 shares
Louisiana Power & Light Co.______Bonds
(Bids noon EDT) $12,000,000

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 25 (Friday)
American Fidelity & Casualty Co.______Preferred
(Geyer & Co.) $750,000

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

Byrd Oil Corp., Dallas, Tex.
Oct. 22 filed $1,750,000 of 10-year 5½% convertible sinking fund mortgage bonds due Nov. 1, 1962, to be offered for subscription by common stockholders at the rate of $100 of bonds for each 28 shares of stock held (for a 14-day standby). Certain stockholders have waived their rights. **Price**—At par. **Proceeds**—To repay $1,014,500 of outstanding notes and for drilling expenses and working capital. **Underwriters**—Dallas Rupe & Son, Dallas, Tex.; Carl M. Loeb, Rhoades & Co., New York; and Straus, Blosser & McDowell, Chicago, Ill. **Offering**—Postponed

★ **Carolina Telephone & Telegraph Co. (9/16)**
Aug. 17 filed 33,320 shares of capital stock to be offered for subscription by stockholders of record Sept. 16 in the ratio of one new share for each five shares held. **Price**—At par ($100 per share). **Proceeds**—To reduce short-term notes. **Underwriter**—None.

● **Central Hudson Gas & Electric Corp. (9/9)**
Aug. 11 filed $6,000,000 of convertible debentures due Sept. 1, 1963; and 159,978 shares of common stock (no par), of which 139 978 shares will be offered for subscription by stockholders of record Sept. 9 at rate of one new share for each 15 shares held (with an oversubscription privilege), with rights to expire Sept. 25. The balance will be offered to employees. **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans and for construction program. **Underwriters**—To be supplied by amendment. May be Kidder, Peabody & Co. and Estabrook & Co. (jointly).

★ **Central Eureka Corp., San Jose, Calif.**
Aug. 12 (letter of notification) approximately 190,000 shares of common stock (par $1). **Price**—To not exceed an aggregate of $199,465. **Proceeds**—For operating capital. **Office** — Berryessa Road, San Jose, Calif. **Underwriter**—Davies & Co., San Francisco, Calif.

★ **Central Illinois Public Service Co. (9/9)**
Aug. 14 filed 350,000 shares of common stock (par $10). **Proceeds**—To reimburse the company, in part, for the costs of property additions and improvements. **Underwriters** — To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; The First Boston Corp.; Lehman Brothers; Glore, Forgan & Co. **Bids**—Tentatively expected to be received on Sept. 9.

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.

★ **Consumers Cooperative Association, Kansas City, Mo.**
Aug. 13 filed $150,000 of 4½% 10-year certificates of indebtedness and $650,000 of 5½% 20-year certificates of indebtedness. **Proceeds**—For general corporate purposes. **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.

★ **Detrex Corp., Detroit, Mich.**
Aug. 14 (letter of notification) 27,290 shares of common stock (par $2) to be sold to employees. **Price**—$10 per share. **Proceeds** — For working capital. **Office** — 14331 Woodrow Wilson Ave., Detroit 32, Mich. **Underwriter**—None.

● **Doman Helicopters, Inc., Danbury, Conn.**
Aug. 4 (letter of notification) 60,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For working capital to reduce notes payable by $100,000 and for use in C. A. A. certification of the LZ-5, which is designed to meet specific needs of the Army Field Forces. **Underwriter**—Greene & Co., New York.

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 shares held (with an oversubscription privilege); rights to expire on Sept. 18. **Price**—$30 per share. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—None.

★ **Duquesne Light Co. (9/15-17-22)**
Aug. 19 filed $12,000,000 of first mortgage bonds due Sept. 1, 1977; 100,000 shares of preferred stock (par $50), and 184,739 shares of common stock (par $10). **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To 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.

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.

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 Hydrocarbons Corp., Oklahoma City, Okla.**
Aug. 12 filed $1,010,800 of 20-year debentures and 66,424 shares of common stock (par $1) to be offered in units of $350 principal amount of debentures and 23 shares of stock. **Price**—$359 per unit ($336 for the debentures and $1 per share for the stock). **Proceeds**—For general corporate purposes. **Business** — Oil and gas development. **Underwriter**—None.

Georgia RR. & Banking Co.
June 17 filed certificates of deposit for 42,000 shares of common stock. It is planned to vote on a voluntary plan of adjustment under which it is planned to segregate the business of the Georgia RR. Bank & Trust Co. and the railroad business and to place the company in a position where it can obtain additional funds in the near future. See also First Railroad & Banking Co. of Georgia under "Prospective Offerings" below.

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.

★ **Hancock Oil Co., Long Beach, Calif.**
Aug. 17 (letter of notification) 374 shares of class A common stock. **Price**—At market, estimated at $23.25 per share). **Proceeds**—To holders of outstanding scrip certificates representing fractional shares. **Underwriter**—Akin-Lambert Co., Los Angeles, Calif.

★ **Hollingshead (R. M.) Corp., Camden, N. J. (9/1)**
Aug. 17 (letter of notification) 20,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriters**—Drexel & Co.; Hemphill, Noyes & Co.; and Stroud & Co., Inc.

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.

★ **Illinois Bell Telephone Co. (9/3)**
Aug. 14 filed 568,703 shares of capital stock to be offered for subscription by stockholders of record Sept. 3 on the basis of one new share for each six shares held. A total of 3,388,832 shares (99.31%) of the outstanding stock is owned by American Telephone & Telegraph Co. **Price**—At par ($100 per share). **Proceeds**—To repay advances from parent. **Underwriter**—None.

★ **Income Foundation Fund, Inc., Baltimore, Md.**
Aug. 12 filed 200,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

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 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. (9/15)
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**—Planned for the middle of 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.

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.

★ **Los Gatos Telephone Co. (Calif.)**
Aug. 12 (letter of notification) 29,773 shares of 5% preferred stock. **Price**—At par ($10 per share). **Proceeds**—To buy equipment, pay debt and for working capital. **Office**—11 Montebello Way, Los Gatos, Calif. **Underwriter**—None.

● **Louisiana Power & Light Co. (9/16)**
Aug. 12 filed $12,000,000 first mortgage bonds due 1983. **Proceeds**—To repay $11,342,500 of short-term debt and for new construction. **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. 16.

Marco Industries, Inc., Depew, N. Y.
Aug. 7 (letter of notification) 24,990 shares of common stock (par $5) to be offered pro rata for subscription by common stockholders. **Price**—$12 per share. **Proceeds**—To pay off loans on machinery and equipment and certain non-trade accounts payable and for working capital. **Business** — Manufactures fractional horsepower electric motors. **Office**—786 Terrace Blvd., Depew, N. Y. **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.

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 Mining & Manufacturing Co. (8/24)
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, Seattle, Wash.

● **Northland Oils Ltd., Canada (8/26)**
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 Telephone & Telegraph Co. (9/15)**
Aug. 14 filed $50,000,000 of 31-year debentures due Sept. 15, 1984. **Proceeds**—To reduce bank loans. **Underwriters**—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). **Bids**—Expected about Sept. 15.

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.

★ **Pan American Petroleum & Transport Co.**
Aug. 13 filed $4,920,000 of Participations in Employees Savings Plan of this company and its subsidiaries, together with 66,151 shares of $25 par capital stock of Standard Oil Co. (Indiana) offered for purchase by the trustee under such plan. Standard Oil owns approximately 79% of the issued and outstanding common stock of Pan American Petroleum.

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.

★ **Pillsbury Mills, Inc., Minneapolis, Minn.**
Aug. 12 (letter of notification) 6,000 shares of common stock to be offered to employees pursuant to Employees Stock Purchase Plan. **Price**—At market on date of purchase. **Proceeds** — For working capital. **Underwriter**—None.

Planter's Peat Corp., Coral Gables, Fla.
Aug. 6 (letter of notification) 100,000 shares of 6% cumulative preferred stock (par $2.50) and 100,000 shares of common stock (par 50 cents) to be offered in units of one share of each class of stock. **Price**—$2.50 per unit. **Proceeds**—To liquidate liabilities and for working capital. Office—220 Miracle Mile, Coral Gables, Fla. **Business**—To process peat for fertilizer. **Underwriter**—Frank L. Edenfield & Co., Miami, Fla.

● **Plateau Uranium Mining Corp., Grand Junction, Colo. (8/24)**
Aug. 6 (letter of notification) 1,999,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds**

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—For exploration and development. **Office**—2969 North Ave., Grand Junction, Colo. **Underwriter**—Tellier & Co., New York.

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.

★ **Public Service Co. of New Hampshire**
Aug. 19 filed $7,000,000 of first mortgage bonds, series G, due 1983. **Proceeds**—To repay bank loans. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Coffin & Burr, Inc. (jointly); White, Weld & Co.; Kidder, Peabody & Co. and Blyth & Co. Inc. (jointly).

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.

★ **Ripley (F. A.), Inc., Billings, Mont.**
Aug. 12 (letter of notification) $296,500 of 6% gen. mtge. bonds. **Price**—At par. **Proceeds**—For improvements. **Office**—616 Clark Ave., Billings, Mont. **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. **Offering**—To be made tomorrow (Aug. 14).

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.

★ **Selected Risks Indemnity Co.**
Aug. 13 (letter of notification) 8,500 shares of capital stock (par $10) to be offered to stockholders of record Sept. 1, 1953 on the basis of one new share for each 8 7/17 shares held; rights to expire Oct. 1, with payment due on or before Nov. 5. **Price**—$35 per share. **Proceeds**—For working capital. **Underwriter** — None. **Office** — Branchville, N. J.

● **Silex Co., Hartford, Conn.**
July 24 filed 201,563 shares of common stock (par $1) being offered for subscription by common stockholders of record Aug. 12 on a one-for-one basis; rights to expire Aug. 25 (rights to 67,187 shares had previously been waived). **Price**—$3.50 per share. **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 No. 1, National Airport, Washington 1, D. C. **Underwriter**—None.

★ **Southern Bell Telephone & Telegraph Co. (9/2)**
Aug. 18 filed $30,000,000 of 24-year debentures due Sept. 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**—Expected to be received up to 11 a.m. (EDT) on Sept. 2. Bids received on May 5, last for $30,000,000 debentures, due May 1, 1977, were 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**—To be received at company's office up to 8:30 a.m. (PDT) on Aug. 25.

● **Southern California Water Co.**
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. **Offering**—Expected today (Aug. 20).

● **Southern Union Gas Co. (8/31)**
Aug. 10 filed 108,350 shares of common stock (par $1) to be offered for subscription by common stockholders of record Aug. 31 on the basis of one new share for each 18 shares held (with an oversubscription privilege); rights to expire Oct. 7. **Price**—$18 per share. **Proceeds**—For additions to properties. **Underwriter**—None.

★ **Spencer Grean Fund, Inc., New York**
Aug. 19 filed 4,179 shares of capital stock (par $100). **Price** — At market. **Proceeds** — For investment. **Underwriter**—None.

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. **Underwriter**—White, Weld & Co., New York.

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.

★ **Tennessee Gas Transmission Co. (9/14)**
Aug. 14 filed $20,000,000 of debentures due 1973. **Proceeds**—To repay bank loans. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp. and White, Weld & Co. (jointly). **Bids**—To be received up to 11 a.m. (EDT) on Sept. 14 at office of Cahill, Gordon, Zachry & Reindel, 63 Wall St., New York 5, N. Y.

★ **Tennessee Gas Transmission Co. (9/15)**
Aug. 14 filed 100,000 shares of a new class of preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans. **Underwriters**—Stone & Webster Securities Corp. and White, Weld & Co. (jointly).

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 (H. I.) Fiber Glass Co. (Calif.)**
Aug. 17 filed 50,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Los Angeles, Calif. **Underwriter**—Sutro & Co., San Francisco and Los Angeles, Calif.

★ **Times-Picayune Publishing Co., New Orleans, La.**
Aug. 17 filed voting trust certificates to be offered in exchange for all of the outstanding 280,000 shares of capital stock.

Torrington Manufacturing Co., Torrington, Conn.
Aug. 6 (letter of notification) 12,000 shares of common stock (par $6.25). **Price**—$20 per share. **Proceeds**—To erect and equip plant addition and for loan to Canadian subsidiary. **Office**—70 Franklin St., Torrington, Conn. **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.

Washington Water Power Co.
May 7 filed 1,088,940 shares of $1.28 cumulative convertible preferred stock (par $25) and 1,088,939 shares of common stock (no par) to be issued in connection with the proposed merger into company of Puget Sound Power & Light Co. on the basis of one-half share of preferred and one-half share of common for each Puget Sound common share to holders who do not elect to receive cash at the rate of $27 per share. **Underwriter**—None.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20 filed $29,000,000 12-year 6% debentures due Dec. 15, 1964, and 580,000 shares of common stock (par 50 cents) to be offered in units of one $50 debenture and one share of stock. **Price** — To be supplied by amendment. **Proceeds**—From sale of units and 1,125,000 additional shares of common stock and private sale of $55,000,000 first mortgage bonds, to be used to build a 1,030 mile crude oil pipeline. **Underwriters**—White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20 filed 1,125,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to be used to build pipeline. **Underwriters** — White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

West Coast Telephone Co. (8/25)
Aug. 6 filed 60,000 shares of common stock (par $20). **Price**—To be supplied by amendment. **Proceeds**—To finance construction program. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

Wisconsin Power & Light Co. (8/31-9/1)
Aug. 5 filed $8,000,000 first mortgage bonds, series G. due Sept. 1, 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 up to 1 a.m. (EDT) on Aug. 31 or Sept. 1.

Wisconsin Power & Light Co. (8/21)
Aug. 5 filed 20,000 shares of cumulative preferred stock (par $100) to be offered for subscription by preferred stockholders of record Aug. 14, subject to allotment, and 329,194 shares of common stock to be offered for subscription by common stockholders of record Aug. 14 on a 1-for-7 basis; rights to expire Sept. 8. Warrants expected to be mailed about Aug. 21. **Price**—To be supplied by amendment. **Proceeds** — To acquire stock of Interstate Power Co. and for new construction. **Underwriters**—Smith, Barney & Co. and Robert W. Baird & Co.

Prospective Offerings

American Fidelity & Casualty Co. (9/25)
Aug. 5 it was stated registration is planned late this month or early in September of about 100,000 shares of convertible preferred stock (par $5) to be offered for subscription by common stockholders about Sept. 25 on a share-for-share basis; rights to expire Oct. 10. **Price**—To be named later. **Proceeds** — For working capital. **Underwriter**—Geyer & Co., New York.

★ **American Telephone & Telegraph Co.**
Aug. 19 directors voted to recommend to stockholders that they authorize a new issue of convertible debentures in an amount not to exceed $625,000,000 at a meeting to be held on Oct. 14. **Price**—Expected at par. **Proceeds**—For advances to subsidiary and associated companies. **Underwriter**—None. **Offering**—To be made to stockholders.

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., and W. C. Langley & Co., both of New York. **Offering**—Not imminent.

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 City Electric Co.**
Aug. 17, B. L. England, President, indicated that the company early next year expects to raise $14,000,000 to $16,000,000 through the sale of bonds and both preferred and common stock. **Proceeds**—To repay bank loan and for new construction.

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.

★ **Aztec Oil & Gas Co.**
Aug. 11 it was reported company's common stock (held by Southern Union Gas Co.) may be offered to stockholders of the parent company on a pro rata basis under a proposed divestment plan.

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, Rolling & Co. Inc. and The First California Co.

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.

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.

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).

Excelsior Insurance Co. of New York (Syracuse, N. Y.)
Aug. 11 stockholders approved a proposal to issue and sell 30,000 additional shares of capital stock (par $6). Price—$10 per share. Proceeds—To increase capital and surplus.

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 Electric Co.
July 31 company applied to the SEC for an order approving the acquisition of its distributive portion of portfolio stocks being distributed by New England Public Service Co. pursuant to that company's plan of liquidation and dissolution. By reason of its ownership of NEPSCO stocks, General Electric will be entitled to receive 97,030.95 shares (3.89%) of the common stock of Central Maine Power Co.; 45,690.45 shares (3.89%) of the common stock of Public Service Co. of New Hampshire; and 20,730.20 shares (2.72%) of the common stock of Central Vermont Public Service Corp. General Electric proposes to sell or otherwise dispose of the utility securities to be acquired within a period of one year from the date of such acquisition (subject to its right to apply for additional time to dispose of such securities).

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.

Government Employees Corp., Washington, D. C.
March 18 stockholders authorized an issue of 3,000 shares of preferred stock (par $100) to carry a cumulative dividend rate not to exceed 6% annually. The management states that, under present plans, these shares will be issued as the growth of the corporation warrants.

Greenwich Gas Co.
May 7 the Connecticut P. U. Commission authorized company to issue and sell $200,000 of first mortgage bonds and $483,000 par value of common stock (the latter first to stockholders). Proceeds—To retire bank loans. Underwriter—F. L. Putman & Co., Boston, Mass.

● **Household Finance Corp., Chicago, Ill. (9/15)**
Aug. 17 it was announced company is considering the public sale of $25,000,000 additional debentures. Proceeds—To finance increased receivables. Underwriter—Lee Higginson Corp., New York, and William Blair & Co., Chicago, Ill. Registration—Expected late in August. Offering—Expected around the middle of September.

Idaho Power Co.
Aug. 6, officials of Blyth & Co., Inc. and Bankers Trust Co., New York, testified before the Federal Power Commission that this company plans to raise $184,550,000 to finance construction of three hydro-electric projects on Snake River, Idaho. If approved, the financing will consist of $105,000,000 of bonds through 1962; $27,400,000 of preferred stock; and $52,150,000 of common stock. Throughout the financing period, the company would borrow and repay $29,000,000 of short-term loans. Final financing details would depend on market conditions.

● **Indiana & Michigan Electric Co.**
Aug. 14 it was reported company is planning issuance and sale of $15,000,000 first mortgage bonds due 1983 and $5,000,000 to $7,000,000 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. SEC permission has been given to company to see if a better price for the preferred stock could be received by negotiation.

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.

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. Prcoeeds — 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.

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.

Minnesota Power & Light Co.
Aug. 3 it was announced stockholders will vote Oct. 1 on increasing the authorized common stock (no par) from 2,000,000 shares (858,047 shares outstanding) to 3,000,000 shares and on approving a 2-for-1 stock split. This will place the company in a position to proceed promptly with any new financing that may become necessary. Immediate offer not contemplated. Underwriters—May be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co.; Blyth & 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). An oversubscription privilege is also provided. Price—To be announced later. Proceeds—To retire bank loans. Dealer-Manager—The First Boston Corp., New York.

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 vote Aug. 24 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 Telephone & Telegraph Co.**
July 2 it was announced company plans to issue and sell to its stockholders 1,004,603 additional shares of capital stock on a 1-for-7 basis. Price—At par (100 per share. Proceeds—To repay bank loans. Underwriter—None. American Telephone & Telegraph Co., parent, owns 91.25% of Pacific's outstanding stock. (See also proposed bond financing under "Securities Now In Registration" in a preceding column of this issue.)

● **Pennsylvania Water & Power Co.**
Aug. 11 it was reported company is considering issuance and sale of from $9,000,000 to $10,000,000 additional bonds. Proceeds—For construction program. Underwriter—May be The First Boston Corp., New York. Offering—Expected to be made privately.

Permian Basin Pipeline Co., Chicago, Ill.
Feb. 4 company filed an amended application with FPC for authority to construct a 163-mile pipeline system at an estimated cost of $40,269,000. Financing may be done privately. Underwriters — Stone & Webster Securities Corp. and Glore, Forgan & Co., both of New York. Of the stock of this company, 51% is now owned by Northern Natural Gas Co.

Petroleum Service, Inc. (Texas)
Aug. 4 it was reported company is considering issue and sale of $300,000 of 6% debentures due 1963 (convertible into common stock). Underwriters — Probably Garrett & Co., Dallas, Texas. Offering—Expected this fall. Stockholders will vote Sept. 19 on approving financing.

● **Raytheon Manufacturing Co.**
July 27 it was reported company may offer to common stockholders about 435,388 additional shares of common stock (some time in the future) on a 1-for-5 basis. Underwriters—Hornblower & Weeks and Paine, Webber, Jackson & Curtis. Meeting—Stockholders to vote Sept. 17 on increasing authorized common stock from 3,000,000 to 4,000,000 shares. Offering—Not imminent.

★ **Riddle Airlines, Inc., New York**
Aug. 11 it was announced company plans future public financing to secure cargo transport aircraft.

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 Bro-

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thers; 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.

★ Seaboard Finance Co.
Aug. 11 it was reported company may do some public financing (probably in the form of debentures) before the end of this year. **Underwriter**—May be The First Boston Corp., New York.

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 Development Co.
See Westpan Hydrocarbon Co. below.

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).

Southwestern Public Service Co.
Aug. 6 it was announced company plans to issue and sell about $20,000,000 of securities (to consist of around $12,000,000 bonds; from $2,000,000 to $3,000,000 of preferred stock; and the remainder in common stock, the latter to be offered first to stockholders on a 1-for-13 basis). **Underwriter**—Dillon, Read & Co., New York. **Offering**—Expected in January or February 1954.

● Stauffer Chemical Co., New York
July 29 it was reported company plans new financing in the near future. This may include $20,000,000 of debentures and some common stock. **Underwriter**—Morgan Stanley & Co., New York.

Transcontinental Gas Pipe Line Corp.
May 4 it was reported company may issue some convertible preferred stock before the Fall. **Underwriters**—Probably White, Weld & Co. and Stone & Webster Securities Corp., both of New York.

★ Trans-Penn Transit Corp. (Pa.) (8/31)
Aug. 17 it was announced that all of the issued and outstanding capital stock of this corporation (404,500 shares of common stock, par $1) will be sold by 61 Broadway Corp. at a judicial auction on Aug. 31 (at noon) in Room 325, County Court House, Pearl & Centre Sts., New York, N. Y.

United Gas Corp.
May 1 it was announced company (in addition to above mentioned 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.

★ Virginia Electric & Power Co.
Aug. 7 it was reported company may issue and sell about $12,000,000 additional common stock this Fall. **Underwriter**—Stone & Webster Securities Corp., New York.

West Coast Transmission Co.
April 1 it was stated company may issue and sell $59,000,000 of 4% first mortgage bonds to insurance companies (including Prudential Insurance Co. of America, New York Life Insurance Co.; Northwestern Mutual Life Insurance Co. and several Canadian companies); $25,000,000 of 3% to 4% short-term notes to the National City Bank of New York; and about 3,500,000 shares of common stock for about $30,000,000. **Proceeds**—To finance construction of a natural gas pipe line from the Canadian Peace River field to western Washington and Oregon. **Underwriter**—Eastman, Dillon & Co., New York.

Western Massachusetts Companies
June 30, H. J. Caldwell, President, stated trustees are studying plan to issue and sell additional common stock which would provide the company's electric subsidiary with sufficient funds to retire not exceeding one-half of an $8,000,000 bank loan. A total of 978,527 no par common shares are presently outstanding. **Offering**—Expected before end of 1953, subject to market conditions. **Underwriters** — May be The First Boston Corp., New York.

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.

Westpan Hydrocarbon Co.
July 1 SEC granted Sinclair Oil Corp. an extension of six months from June 21, 1953, in which to dispose of its holdings of common stock in Westpan and the Southwestern Development Co. Sinclair owns 384,860 shares (52.85%) of the stock of each of the other two companies. **Underwriter**—May be Union Securities Corp., New York.

Worcester Gas Light Co.
April 2 it was announced company has applied to the Massachusetts Department of Public Utilities for authorization to issue and sell $3,000,000 of 20-year first mortgage bonds. **Proceeds**—To retire bank loans, etc. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co., Inc.; Kidder, Peabody & Co.

Continued from page 3

Further Reactions to Robertson's "Inside View of United Nations"

and nations, I have never had undue optimism over any proposal or cooperation. On the other hand I have not felt that idealistic plans should be abandoned simply because they do not at first work very well. Had our forefathers followed this policy we would not be the most prosperous and powerful nation in the world, able to afford the luxury of choosing isolationism if our Judaeo-Christian ethic will permit us.

MARTIN AGRONSKY
Washington Correspondent, American Broadcasting Company, Washington, D. C.

Mr. Robertson's study shows a good bit of work and some thought but it is not an "Inside View" of the United Nations. Perhaps it would better have been titled the failings of the Security Council or members of the Security Council are its own worst enemies. The Security Council is weakened by its membership particularly in the use of the veto but this one group has not defeated by any means the entire work of the organization. Peace and the firm regulation of aggression is a primary concern of the UN but it also has another trust —the promotion of friendly relations on the basis of equality (it is important for the representatives of all nations to meet and discuss problems and the UN provides the meeting ground) and the solution of social, cultural and economic problems of international scope and the furtherance of respect for human rights and basic freedoms. The designers realized the inequalities and instabilities of the member nations and incorporated them, still, in responsible positions for their own good as well as the benefit of the world. Unfortunately, the good the United Nations has done and continues to do does not make headlines.

Martin Agronsky

L. H. RODIECK
Colonel, U.S.A.F.
Deputy U. S. Air Force Representative, U. S. Military Staff Committee to United Nations

I like the United Nations, believe in it, and think all good Americans should want to help it. Articles such as the one by Mr. Robertson, which show such a lack of understanding of the organization and mission of the United Nations, definitely do not help. By this I do not mean that the United Nations should not be criticized for its many shortcomings but it certainly should not be criticized as a result of someone's preconceived ideas for failing to be what it was never intended to be.

In the first paragraph of his article, Mr. Robertson uses the practice of various columnists of first setting up a false premise or assumption and then tearing it to pieces. For example, in his first paragraph he states the members of the Security Council "have been governors of the world" and in this Council "is vested almost all the real authority of the United Nations." The fact is that the real authority of the United Nations is vested in truth as expressed by world public opinion. Even a hasty reading of the United Nations Charter will convince anyone that the United Nations was never intended to be a "world parliament" or that any of the members were to "govern the world" as conceived by the author.

Our Ambassador Lodge stated before the House Foreign Affairs Committee on July 8, 1953, in explaining "What the United Nations is Not," that:

"The United Nations is **not** a world government. It cannot impose a tax of any kind. It cannot draft a single soldier—from any country for service in Korea or elsewhere. Your representative at the United Nations is called Ambassador by Act of Congress—for the simple reason that he represents a sovereign state and not a political subdivision. It would of course be a manifest absurdity to give the large and small states each one vote in a body **which has the powers of a government.**"

The basic assumption of Mr. Robertson that the United Nations is a world government or world parliament is so completely at variance with the United Nations Charter and with the facts that his subsequent discussion has no bearing on the subject.

In closing, let me state that I truly believe that men of good will throughout the world would be straining every nerve to create even the imperfect device we have now if the United Nations did not exist.

E. C. STEVENS
Chairman, The International Silver Co., Meriden, Conn.

Mr. Robertson demonstrates conclusively how completely impractical is the idea of a "parliament of man" during our time and that of our children and grandchildren.

Evarts C. Stevens

REV. DR. HENRY L. LAMBDIN
Professor of Homiletics, Drew University, Madison, N. J.

Mr. Robertson's approach to the problem of international relations and to the difficulties that beset The United Nations is quite other than the one that I would use. If his approach were utilized in appraising the fitness of the individual states in this country for participation in a Federal government, I daresay the conclusion would be that no state is qualified for such participation. Nevertheless, we have managed, despite the interruption of the Civil War, to get along together.

The problems involved in getting along together as nations within The United Nations are vastly larger and more difficult than those present in the relations between the states of our own nation. The problems of sovereignty, literacy, experience with democratic procedure, recognition of the value of the individual, establishment of due process, safeguards against abuse of power by checks and balances and by principle of the offset, these and a host of other things complicate the relations of nations in any case and particularly in an institution like The United Nations.

But there is an enormous value in having The United Nations where issues can be discussed in the presence of the consciousness of all mankind. Doubtless the opportunity of discussion is and will be abused by totalitarian propagandists, but totalitarianisms are subject to inner upheavals and cleavages in the course of time, and if The United Nations is maintained, there will come other spokesmen and different decisions. The main concern should be this: Are we on the right track when we take a long look into the future?

In Mr. Robertson's discussion of the nations, I note no mention of Italy. Also, he seems to me singularly unobservant as to the great freedom-making factor in recent centuries, namely, the emphasis of Protestantism that Freedom is a value for God, and that totalitarianism in religion does not appear to have produced a citizenry that is stable and that by its powers of critical appraisal is immune to the authoritarian appeal of communism.

F. BARREDA SHERMAN
Leppo, Dorking & Sherman, San Francisco, Calif.

Mr. William A. Robertson's "Inside View of the United Nations" is indeed shocking. The facts given about the Security Council's member nations are devastating. It is tragic that the United States —so stable, so wealthy, so unselfish — must occupy the same hemisphere or even the same globe with such nations. But it is a miracle that in spite of their manifest inadequacies they have all — with the exception of the Russian satellites—voted with us on practically every important question which has come before the Council or the General Assembly and that combat forces from eight of these nations have been fighting beside our troops in Korea.

"God hath showed me that I should not call any man common or unclean."

It is even more shocking that Mr. Robertson's ignorance of the United Nations Charter causes him to refer to the Security Council members as "Governors of the World" and "World Rulers" and to the Council as "the Upper Branch of the United Nations, their Senate, so to speak." The functions of the Council are primarily "maintenance of international peace and security" and the formulation of plans to be submitted to United Nations members "for the establishment of a system for the regulation of armaments." Certainly the Council has shown that it cannot govern or rule the world. Perhaps it could if the veto were abolished and the United States were to forfeit some of its sovereignty. Would Mr. Robertson want that?

Most shocking of all is the completely destructive tone of Mr. Robertson's article. Whether or not we like it, we live on the same globe with these other nations and obviously we must try to find a way to live with them in an ordered, peaceful world. We must try to improve the lot of their peoples who are less fortunate than we, so that better economic conditions, better education and better health will make a base for better governments. In good part, we are trying to accomplish these things through the United Nations. It has succeeded in many of its enterprises and failed in others. We are, on balance, disappointed in it. Shall we abandon it entirely or shall we try to make it more effective? Amendment of the Charter will be considered by the General Assembly in two years. It's time we started thinking about it. What constructive ideas has Mr. Robertson to offer?

"Fight the good fight of faith!"

HOWARD McDONALD

President, Los Angeles State College of Applied Arts and Sciences, Los Angeles, Calif.

I think Mr. Robertson has done some good work in assembling facts concerning the various members of the United Nations, particularly those who are, or have been, members of the Security Council. However, I cannot agree entirely with his conclusions that the United Nations organization has been a failure. It is not perfect, I will grant, but it is giving much to the progress of the world through constructive deliberation and recommendations.

Howard McDonald

Some people consider that it should be a world government. This is not its function. It was never meant to be so, nor should it ever develop into such.

RICHARD A. HARVILL

President, University of Arizona, Tucson, Ariz.

I have read the article with a great deal of interest and I am sure that it contains valuable factual information. I do not find it very constructive. One could well agree with Mr. Robertson that the UN and particularly the Security Council have some very grave limitations and weaknesses. Every effort should be made to correct these conditions and to avoid mistakes in the future.

I should like to emphasize, however, that on balance the UN has much more than paid for itself in terms of the success in discouraging aggression in several instances and in assisting in the development of ideas and doctrines of international cooperation. In fact, today, I believe the UN is the only hope for world peace.

I should like to see an article by Mr. Robertson in which he would take a positive point of view and indicate some solution for the limitations and defects in the organization of the UN, which admittedly are very great. I am certain that Mr. Robertson is very capable of such an article. Indeed, it is well to call attention to the shortcomings and the failures of such an organization. This other, in my judgment, is just as necessary.

Continued from page 9

"Beware of Icebergs!"

adjustments, is to keep the economy in balance. That was one of my strongest motives in proposing, on the outbreak of the Korean War, that an overall ceiling be placed across the whole economy, over all prices, all wages, all rents and other costs, to give supply and demand time to adjust. By preserving a balance among all parts of the economy, I hoped to prevent the distorted advances which cause unhealthy booms—and busts.

Unfortunately, the pressure groups were given selfish advantages—which made the inflation worse. If they again are given selfish advantage, the adjustments will also be made worse.

A World to Develop

Enough unfinished business is at hand to keep us busy — if we can discipline ourselves to think in terms of what is good for the whole country. Each of us has unfulfilled desires. A major job of civilian defense has to be organized, for which local resources will have to be tapped. A huge air raid warning system has to be set up; floods brought under control. There is peaceful development of atomic energy, and other scientific advances.

Large reserves of non-perishable farm products and other materials can be stored as invaluable insurance against the threat of war.

Abroad, vast fields of potential investment can be opened. Mainly, what is needed is recognition by these governments of a fair investment return. New sources of supply can be developed for things which now come from behind the Iron Curtain and which would be cut off in case of war.

If what must be done is properly synchronized, the whole free world can grow steadily stronger economically and militarily, even while guarding against war.

Guard the National Credit

All outstanding commitments should be reviewed and brought into balance with both the physical and financial resources available. Our success in achieving such a balance will be registered in the credit of the United States. As long as our credit is good, it is a weapon of enormous power for any emergency. If it is destroyed, a fearful price will be paid by all. Preserving the national credit is primarily a matter of not attempting too much at any one time — beyond available resources, or beyond the disciplines we are willing to accept.

To sum up, the very fact that the deadlock of the cold war seems about to break and the situation is changing so rapidly is all the more reason for holding fast to certain unchanging fundamentals.

To make peace we must first know on what terms we are willing to settle and where we cannot compromise. This means doing our homework now before negotiations begin. Second, having arrived at these common aims, we and our allies must hold together our military and economic strength until the peace is won.

Let no one be deceived into thinking that words alone will make peace. Unless we and our allies organize the military and economic strength to see our peace aims through, the peace will be lost.

Joins C. A. Botzum Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Charles A. Botzum, Jr. has joined the staff of C. A. Botzum Co., 210 West Seventh Street.

DIVIDEND NOTICES

AMERICAN BANK NOTE COMPANY

Preferred Dividend No. 190
Common Dividend No. 180

A quarterly dividend of 75¢ per share (1½%) on the Preferred Stock for the quarter ending September 30, 1953 and a dividend of 25¢ per share on the Common Stock have been declared. Both dividends are payable October 1, 1953 to holders of record September 2, 1953. The stock transfer books will remain open.

E. F. PAGE, *Secretary and Treasurer*

July 22, 1953

Manufacturers of AE WALL & FLOOR TILE

AMERICAN ENCAUSTIC TILING COMPANY, INC.

Common Stock Dividend

The Board of Directors has today declared a quarterly dividend of 15 cents a share on the Common Stock, payable August 31, 1953, to stockholders of record on August 21, 1953.

G. W. THORP, JR. *Treasurer*

August 14, 1953.

AMERICAN *Cyanamid* COMPANY

PREFERRED DIVIDEND

The Board of Directors of American Cyanamid Company today declared a quarterly dividend of eighty-seven and one-half cents (87½¢) per share on the outstanding shares of the Company's 3½% Cumulative Preferred Stock, Series A and Series B, payable October 1, 1953, to the holders of such stock of record at the close of business September 1, 1953.

COMMON DIVIDEND

The Board of Directors of American Cyanamid Company today declared a quarterly dividend of fifty cents (50¢) per share on the outstanding shares of the Common Stock of the Company, payable September 25, 1953, to the holders of such stock of record at the close of business September 1, 1953.

R. S. KYLE, *Secretary*

New York, August 18, 1953.

DIVIDEND NOTICES

ADVANCE ALUMINUM CASTINGS CORP.

Chicago, Illinois

The Board of Directors has declared a regular quarterly dividend of 12½ cents per share, and an extra dividend of 12½ cents per share, on the common stock of the corporation, payable September 15, 1953, to stockholders of record at the close of business on September 1, 1953.

ROY W. WILSON
President

BRIGGS & STRATTON CORPORATION

BRIGGS & STRATTON

DIVIDEND

The Board of Directors has declared a quarterly dividend of twenty-five cents (25c) per share and an extra dividend of thirty-five cents (35c) per share, on the capital stock (without par value) of the Corporation, payable September 15, 1953, to stockholders of record August 28, 1953.

L. G. REGNER, Secretary.

August 18, 1953.

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED

At a meeting of Directors held August 11, 1953 in London it was decided to pay on September 30, 1953 Interim Dividend of Four Pence for each Ten Shillings of Ordinary Stock for the year ending September 30, 1953 on the issued Ordinary Stock of the Company, free of United Kingdom Income Tax.

Also decided to pay on the same day half-yearly dividend of 2½% (less tax) on issued 5% Preference Stock.

Coupon No. 218 must be used for dividend on the Ordinary Stock and Coupon No. 100 must be used for dividend on the 5% Preference Stock. All transfers received in London on or before August 28, 1953 will be in time for payment of dividends to transferees.

Also decided to pay on October 30, 1953 half-yearly dividend of 3% (less tax) on the 6% Preference Stock. All transfers received in London on or before October 7, 1953 will be in time for payment of dividends to transferees.

Stockholders who may be entitled by virtue of Article XIII(1) of the Double Taxation Treaty between the United States and the United Kingdom, to a tax credit under Section 131 of the United States Internal Revenue Code can by application to Guaranty Trust Company of New York obtain certificates giving particulars of rates of United Kingdom Income Tax appropriate to all the above mentioned dividends.

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED

August 12, 1953

DIVIDEND NOTICES

THE GARLOCK PACKING COMPANY

August 12, 1953

COMMON DIVIDEND No. 309

At a meeting of the Board of Directors, held this day, a quarterly dividend of 25¢ per share was declared on the common stock of the Company, payable September 30, 1953, to stockholders of record at the close of business September 11, 1953.

H. B. PIERCE, *Secretary*

Newmont Mining Corporation

Dividend No. 100

On August 18, 1953, a dividend of Fifty Cents ($.50) per share was declared on the 2,658,230 shares of the Capital Stock of Newmont Mining Corporation now outstanding, payable September 11, 1953 to stockholders of record at the close of business August 28, 1953.

WILLIAM T. SMITH, *Treasurer*

New York, N. Y., August 18, 1953.

E. I. DU PONT DE NEMOURS & COMPANY

DU PONT
REG. U. S. PAT. OFF.

Wilmington, Delaware, August 17, 1953

The Board of Directors has declared this day regular quarterly dividends of $1.12½ a share on the Preferred Stock—$4.50 Series and 87½¢ a share on the Preferred Stock—$3.50 Series, both payable October 24, 1953, to stockholders of record at the close of business on October 9, 1953; also 85¢ a share on the Common Stock as the third interim dividend for 1953, payable September 14, 1953, to stockholders of record at the close of business on August 24, 1953.

L. DU P. COPELAND, *Secretary*

BRITISH-AMERICAN TOBACCO COMPANY LIMITED

NOTICE OF DIVIDENDS TO HOLDERS OF ORDINARY AND PREFERENCE STOCK WARRANTS TO BEARER

A second interim dividend on the Ordinary Stock for the year ending 30th September 1953 of four pence for each Ten Shillings of Ordinary Stock, free of United Kingdom Income Tax will be payable on 30th September, 1953.

Holders of Bearer Stock to obtain this dividend must deposit Coupon No. 218 with the Guaranty Trust Company of New York, 32 Lombard Street, London, E.C.3., for examination five clear business days (excluding Saturday) before payment is made.

The usual half-yearly dividend of 2½% on the 5% Preference Stock (less Income Tax) for the year ending 30th September next will also be payable on the 30th September, 1953.

Coupon No. 100 must be deposited with the National Provincial Bank Limited, Savoy Court, Strand, London, W.C.2., for examination five clear business days (excluding Saturday) before payment is made.

DATED 11th August, 1953.

BY ORDER
A. D. McCORMICK,
SECRETARY.

Rusham House,
Egham, Surrey.

Stockholders who may be entitled by virtue of Article XIII (1) of the Double Taxation Treaty between the United States and the United Kingdom, to a tax credit under Section 131 of the United States Internal Revenue Code can by application to Guaranty Trust Company of New York obtain certificates giving particulars of rates of United Kingdom Income Tax appropriate to all the above mentioned dividends.

DIVIDEND NOTICES

The Board of Directors of

CONSOL

PITTSBURGH CONSOLIDATION COAL COMPANY

at a meeting held today, declared a quarterly dividend of 75 cents per share on the Common Stock of the Company, payable on September 11, 1953, to shareholders of record at the close of business on August 28, 1953. Checks will be mailed.

CHARLES E. BEACHLEY,
Secretary-Treasurer

August 17, 1953.

Reeves makes the fabric

REEVES BROTHERS, INC.

DIVIDEND NOTICE

A quarterly dividend of 30c per share has been declared, payable September 15, 1953, to stockholders of record at the close of business September 1, 1953. The transfer books of the Company will not be closed.

J. E. REEVES, *Treasurer*

August 17, 1953.

REYNOLDS METALS COMPANY

Reynolds Metals Building
Richmond 19, Virginia

COMMON DIVIDEND

A dividend of twenty-five cents (25¢) a share on the outstanding common stock has been declared payable October 1, 1953, to holders of record at the close of business September 21, 1953.

The transfer books will not be closed. Checks will be mailed by Bank of the Manhattan Company.

ALLYN DILLARD, *Secretary*

Dated, August 14, 1953

UNITED FRUIT COMPANY

217th

Consecutive Quarterly Dividend

A dividend of seventy-five cents per share and an extra dividend of fifty cents per share on the capital stock of this Company have been declared payable October 15, 1953, to stockholders of record September 11, 1953.

EMERY N. LEONARD
Secretary and Treasurer

Boston, Mass., August 17, 1953

Old Town CORPORATION

Manufacturers of DUPLICATING MACHINES
CARBON PAPERS - RIBBONS

The Board of Directors has declared the following dividends:

PREFERRED STOCK
DIVIDEND No. 3

A regular quarterly dividend of 10 cents per share on the 40¢ Cumulative Preferred Stock, payable September 30, 1953 to stockholders of record September 18, 1953.

COMMON STOCK
DIVIDEND No. 45

A dividend of 20 cents per share on the Common Stock, payable October 1, 1953 to stockholders of record September 18, 1953.

BORDEN R. PUTNAM,
Vice-President & Treasurer.

August 18, 1953

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—President Eisenhower, with an imagination which would be a credit to Franklin D. Roosevelt, has warned Congress that next year he will come forward with a vast new program of water resources development, conservation, and a comprehensive river basin planning scheme.

The President made this announcement in the form of a special message almost at the end of the last session of Congress. Mr. Eisenhower indicated that he wanted to alert the Congress to the problem of conservation of resources. In this he failed, however, for the Congress and the press were so preoccupied with the problem of the debt limit boost and other burning issues of the adjournment rush, that the conservation message hardly received any attention.

In the broad sweep of its language, the Eisenhower message was almost Rooseveltian.

"In the stress of dealing with the urgent problems of peace and security and budget appropriations and tax revenues, we sometimes overlook the fundamental importance to our national well-being of constructive, forward-looking policies designed to conserve and improve the nation's Natural renewable resources," Mr. Eisenhower told the Congress.

The President noted that in his State of the Union message, "I called attention to the vast importance to this Nation now and in the future of our soil and water, our forests and minerals, and our wildlife resources. I indicated the need for a strong Federal program in the field of resource development. . . ."

Some of the other several expansive concepts follow:

"In addition to the immediate danger of waste resulting from inadequate conservation measures, we must bear in mind the needs of a growing population and an expanding economy. . . .

"But in the long-run, we shall need to give increased attention to the improvement and reclamation of land in its broadest aspects, including soil productivity, irrigation, drainage, and the replenishing of ground water reserves, if we are adequately to feed and clothe our people, to provide gainful employment, and to continue to improve our standard of living. . . .

"It [some sort of a program] will require the revitalization of renewable resources by users who should be entitled to reasonable assurances, in connection with authorized uses. . . .

Wants River Basin Planning

"And it will require comprehensive river basin planning with the cooperation of state and local interests. . . .

"This Administration is moving ahead in the formulation of sound organization and improved policies for the use of our soil, our public lands, and our water resources. . . . A review is being made of the basic power policies of the Federal Government in connection with multiple-purpose river basin development as it relates to private economic development.

"The Corps of Engineers is making a study of the basis for State and local financial participation in local flood protection works. . . ."

Fiscal Angle Puzzles

Mr Eisenhower, however seemed to limit the unfolding of this program to the fiscal capacities of the Federal Government when he said:

"As these plans are prepared and local agreement and cooperation are assured, I believe we should move ahead in the construction of works of improvement and the installation of land treatment measures as rapidly as possible consistent with a sound overall fiscal program."

If this were Mr. Roosevelt speaking instead of Mr. Eisenhower, this might be sloughed off as so much persiflage, for the late New Deal President's contention almost always was that any desirable TVA, Columbia basin development, etc., was for the improvement of the economic and financial strength of the Nation.

Mr. Eisenhower, however, has said he has dedicated himself to ending "planned deficits." Senator Harry F. Byrd (D., Va.), who may err a little on the pessimistic side, but seldom errs on the total trend, expects two more deficits in a row, $10 billion in the current fiscal year and $14 billion in fiscal '55.

Hence, it would not be presumed that Mr. Eisenhower intends to spring upon Congress any brand new vast resources conservation works and spending program for at least two years, when the budget is possibly in balance, if there is no new emergency anywhere.

However, the President himself indicates a contrary intention.

"Conserving and improving our land and water resources is a high priority business for all of us," the President said. "It is the purpose of this Administration to present to the next session of Congress suitable recommendations for achieving the objectives set forth in this message." Such a program, the President added, is "indispensable."

Envisages Local Support

In one respect, this sweeping prospective resources program varies from the Rooseveltian pattern. While the Persident is vague about the nature of local financial participation, he does indicate definitely that the Federal Government will not do all the job alone.

Berates Tax Effect

The parade of reports from Congressional committees, expert witnesses, and businessmen who point out that the high tax rates are the chief obstacle to small business, has been legion.

However, another such report has been issued by the House Small Business Committee, and also was buried in the session-end avalanche of news.

Among the conclusions of the report was that "the existing Federal tax structure undoubtedly acts as a deterrent to the continued growth and expansion of small business. Such businesses are unable to retain sufficient earnings after taxes to finance normal expansion for a successful operation, particularly during the first few years of operation."

The report lists what it calls the "four main problem areas" in Federal tax laws as deterrents to the growth of small business.

"(1) The excessive rates of corporation taxation due to the combined impact of the corporate normal tax, surtax, and excess-profits tax.

"(2) The policy of the Commissioner of Internal Revenue with respect to the allowance for depreciation and amortization.

"(3) The threat of taxation on accumulated earnings and profits under Section 102 of the Internal Revenue Code, coupled with the inability to distribute such earnings as dividends without further taxation to the shareholders.

"(4) The increasing burden of compliance due to the complexity of the Federal tax laws."

Ike Opposes Controls

Conservatives took considerable heart at President Eisenhower's position, taken in his radio report to the nation recently, in opposition to wage, price, and rent controls.

"Moreover, in pursuit of this great objective of encouraging individual initiative, we have taken a series of major economic decisions. To free our economy from bonds that denatured healthy and necessary competition, we abolished a labyrinth of needless controls," he said.

This is even stronger language than the President used against controls in his first message to Congress. The first language was written after Rep. Jesse P. Wolcott (R., Mich.), the Chairman of the House Banking Committee, on the one hand, and Senator Homer E. Capehart (R., Ind.), the Chairman of the Senate Banking Committee, on the other, had argued out the control question, and in Mr. Eisenhower's presence at the White House.

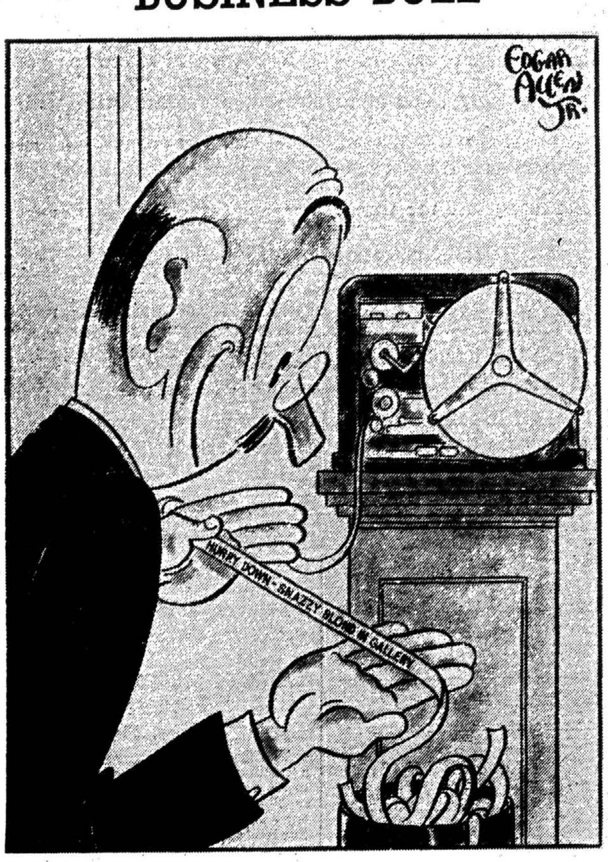
Senator Capehart represented himself and, inferentially, all the Senate Democrats interested in enacting standby controls. Rep. Wolcott represented the late Senator Taft and the official GOP leadership, in opposing standby controls.

President Eisenhower adopted the Wolcott policy against standby controls, which thereupon became the **combined** policy of the White House and the GOP official Congressional leadership.

Thereafter, forgetting that this was a joint Congressional-White House policy, Mr. Eisenhower adopted a hands-off, "that is up to Congress" attitude. Mr. Capehart ran away with the ball with the assistance of Democrats and GOP "liberals." So the stopping of these standby controls became one of the toughest, time-consuming, temper-raising issues of Mr. Eisenhower's first session.

(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



Business Man's Bookshelf

American Foreign Assistance—William Adams Brown, Jr. and Redvers Opie—The Brookings Institution, 722 Jackson Place, N. W. Washington 6, D. C.—cloth—$6.00.

Doing Business Abroad—United States Council of the International Chamber of Commerce, Inc., 103 Park Avenue, New York 17, N. Y.—paper—25c.

Foreign Exchange Regulations in Great Britain—Supplement 7—Bank for International Settlements, Basle, Switzerland—Paper.

Public Utility Common Stocks—Folder published on first of each month covering 185 electric and gas utilities—price monthly: single copy, $2; ten copies, $5 (additional copies ten cents each)—C. A. Turner, 327 South La Salle Street, Chicago 4, Ill.

Tax Shelter in Business—William J. Casey and J. K. Lasser—Business Reports, Inc., 1 Main Street, Roslyn, L. I., N. Y.—Fabrikoid—$12.50.

Finance Executives See Lower Profits In Second Half of '53

Executives of the commercial finance industry, at the recent semi-annual directors' meeting of their trade association—the National Commercial Finance Conference, Inc.—concluded, as a result of an informal poll taken at the meeting, which was held in New York City, that business activity in the second half of the year would continue at about the same rate as in the first half. However, a majority also felt that profits would be lower, and that credit conditions would be somewhat, though not significantly, tighter.

Although a few felt that the demand for working capital funds would remain the same, a large majority of the executives believed that it would increase, particularly in the area of small and medium-sized business — a field which the members of the Conference specialize in servicing.

Joins Ames, Emerich

(Special to The Financial Chronicle)

CHICAGO, Ill. — Edward M. Wetz has joined the staff of Ames, Emerich & Co., Inc., 105 South La Salle Street, members of the Midwest Stock Exchange.