Unmasking the Mystery Of Foreign Trade

By JOHN AIREY

Poining out domestic and foreign competition are similar in character, Mr. Airey makes a plea for free trade, but not free trade. Says move toward ultimate goal of free trade must be carefully thought out through engineering and economic policy. Holds our greatest need is for clearer understanding of the potential of raising living standards through maximizing interchange of goods and services with other countries.

Probably one of the most misunderstood subjects today, as it affects our national interests and betterment, is foreign trade. Our current conception of foreign trade is about at the stage of understanding of two generations ago in England on the support of labor saving contributed by improved manufacturing processes. This statement would not apply quite so effectively to the United States of two generations ago because the geographic pioneering growth there was still in full swing. It is not more than a century ago, as we know, that bloody riots occurred in England when the power loom was introduced, which replaced hand weaving, "because it would put hand loom weavers out of work." That is ancient history at which we now smile.

Listening to a recent television debate on the subject of foreign trade between Senator Douglas and Senator Malone prompted this discussion. I may, at first, appear to be off the track, but please bear with me. I am going to attempt to analyze the effect of labor saving machinery, improved designs of a product, or better tooling and quality, on the people, and ignore all specific group interests. I am also going to analyze the growing pains of progress—inevitable change; first, purely in our domestic situation and then in our foreign trade.

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ON THE INSIDE—A glance at the Index on page 3 vividly shows the weight of information of vital importance to the securities industry, investors and businessmen which is available in the Thursday "Chronicle" every week throughout the year

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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 should be, offered as, an addendum to be sold or decreased.)

J. WALTER LEASON

Institutional Department, Montgomery, Scott & Co., N. Y. City

The Security I Like Best is the stock of Commonwealth Edison, and would be the second largest gas utility in this state. The stock of Commonwealth Edison's own common stockholders over the return for any year. Presumably, this would be from the basic demand for electricity, which could also be increased.

Commonwealth Edison intends to sell $60 million of new bonds of the Northern Illinois Gas Co. In 1946, the Edison a share in the new bonds, the following earnings year's rate on the new bonds, the following earnings year's rate on the new bonds, which is estimated.

The outlook for Commonwealth Edison's stock in the coming years would be very promising, and would be the second largest gas utility in this state. The stock of Commonwealth Edison's own common stockholders over the return for any year. Presumably, this would be from the basic demand for electricity, which could also be increased.

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"No column this week.

A 1954 Forecast for Railroad And Rail Equipment Shares

By DR. PIERRE R. BRETEY

Railroad Analyst, Baker Weeks & Co., Members N.Y., S.E.

Railroad investment authority notes past substantial rises in capital investment, despite lag in actual interest of institutional authority. City's improvement, manifested in reduction of debt and fixed charges, increasing in working capital, modernization of equipment, budgetary controls, maintenance backlogs, and more efficient operation—as offsets to adverse factors as rising wage and inadequate freight rates. Regarding future course of security prices, predicts, in view of improved fundamentals, institutional investors will re-enter the railroad market to spark restoration to its former high state.

With the possible exception of the rollercoaster adjustment in 1949, for the first time in the region, the railroads face a downward business-adjustment. As of today most railroads' earnings are predicting for 1954 a decline in gross earnings of from 6% to 10%, substantial increases in wages, rule changes and fringe benefits. Any increase will, of necessity, be burdensome since every one cent per ton will cost the railroads $30 million before Federal income taxes. Moreover it is uncertain whether the final settlement with all of the unions will be voted by the five cents per hour pattern recently set by the Steelworkers' union. A revised five cents per hour retroactive to Nov. 1, accepted by the railroad employees, would be the, Southern Railroad, a subsidiary of Jones & Langston, Inc.

During the past decade the railroads have suffered investment-wise from three major factors:

(1) The delay by regulatory authorities in adjusting freight and passenger rates to higher costs, particularly following sizable wage increases. There have been many such since World War II. However, since the adjustment lag period has consistently been foreclosures of railroad earnings and may be and be may be entirely eliminated through passage of legislation.

(2) A number of railroad industrial costs is infeasible, with the result that historically declining earnings have declined sharply when gross revenues contracted. Notwithstanding this inflexibility, a number of railroad achieve a flexible cost position during the rollercoaster adjustment of 1949 and developed better expense control, than exhibited in the past. And in railroad earnings both in 1929-1933, and again in 1935, due to, not duplicated since those two periods.

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Every Thursday, a weekly newspaper published for business and stockholders, and as advertising medium and every Monday morning commercial firm—market quotations, market quotations, corporation news, bank clearings, state and city news, etc.

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For pictures see FRASER. fraser.stanford.edu organ.
Soggy Gold

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

A yellow spotlight on whatever prospects there may be for change in the price of gold, or improvement in the share quotations of certain producers.

This golden treatise will not be in vogue since it is, on the one hand, but it will open with a rather nearly New Year's observance—the world is getting in a tip-top state. Why? Because if it's true that "love of gold is the root of all evil," then the world is less evil because the people in it care less for gold.

This is proven by the fact that they will now pay a lot less for gold than at any time in 20 years. If this is a happy thought for moralists, it is, by no means, so cheerful for gold mining corporations, their stockholders, and employees. Against present prices, $35 per ounce, which has persisted without variance for 20 years, the "free market" price of gold has slipped quite badly from a high in 1949 of $40 per ounce. Further, this slip in the world open price of gold would seriously burden the argument of those who insist that any upward hike in the official gold price for U. S. Bond, will be unbound.

Why Price Decline?

If gold is now so low on the financial shopping list of seven persons on this planet, why is it? You can do what you please with the lower price, today would attract traders, particularly when they are certain of getting $35 anytime, at the casher's window in Fort Knox. Well, hoarders seem to have gotten just a little tired. The world inflation atmosphere have allayed, for the nonce; higher interest rates, in measure, have helped it along. Carrying of sterile gold is "now more costly, if you borrow it at a rate of interest lower than the employment of funds so that interest
returns may be gleaning. Finally, the dumping of some $100 million in Russian gold on the market, before 1953 has been most disillusioning. How long Russia will hold out, if ever, is a question.

Experts in the field contend that a genuine hard cline in the free price of gold is due to greed, mismanagement of sales, and a lack of international cooperation by producers. For instance, back in 1949 South Africa started to sell some of its gold for industrial and artistic purposes on the free markets of the world. This set in motion an unanticipated price down-trend. Other nations got aboard the toboggan, and, by increasing the price of gold for immediate sales, helped the price to hit bottom.

Now what is apparently needed is a unification of sales policies of all the gold producing nations, no important increase in product, and some withholding from the mine, and storage, of current output. Proponents of this theory opine that good gold, if properly stored, will be twice, and a third, or more, than its present price in a few years, and the Russian threat need not be taken seriously since last year's Red sales (in the market, the non-dollar!) were equal to two or three years' production by hammer and sickle. If this reasoning is sound, and is not employed in action, then we may have seen the lowest price for gold in this century, and perhaps for many more.

Impact of Low Gold Price

Apart from prudent handling of peripheral sales, the producers keep hoping for an official increase in the price of gold. This, they need. Gold mining costs are $55 per ounce, and everyone knows the price of gold has been steady for the past decade especially. This has been an annoying static delivery price, has demonstrated a remarkable strength to digging enterprises. Many mines, such as Newland, have shut down entirely, creating percentage losses in price of their shares ranging among others such as Paymaster, Neranda, and so forth, losses in value in the last part of 1953 due to the failure of sales. Where these latter dis- putes have been resolved, the level of wage increase seems to be about 5% per year, initially with a strong management inclination to avoid exorbitant wage demands. Companies will, in logic, continue to produce, with only unremittent operating losses in the near future.

But what about that other hope—the appeal for an official basis for the price of gold from today's paltry $35 an ounce, to a more reasonable one? It would not only keep the miners supplied, but put real profit back in the company, and, most important, bring to light of day the increased supply of gold the central banks of the world, of which there is hope there for that? Let's exchange some opinions on this.

Higher Gold Price Forecast

All over the world, leading monetary experts are talking more or less about the need for restoring monetary order. In our own 83rd Congress, you may have read the statements on the wisdom of return to a gold basis of exchange, and, as provided, in the case of the pound, in monetary stability and freedom from the colonial and provincial trends. By some, the return to the beginning of gold convertibility, if legally sanctioned, would be satisfactory.

If, however, you don't arrange without touching the sacred $35 marker. Others argue the devaluation by your convertibility here, or in other nations, without immediate guarantees of gold supply, and you can't do that unmercifully. It will make the price more attractive and keep you, if a figure as high as $70 for a little while.

The argument is a perennial one. My own notion is that there is, on the screen, real possibility of some limited, and perhaps even moderate, and to assure faith in domestic currencies. Some fine day they'll be a little more limited in its direct effect on the price of gold, but not on the other side of the price. It won't be as high as $70 but it might, and not two or three narrowing, but $50 per ounce. I look like a good bet for 1954. Most large producers, if they have the money for it, own do need more monetary stability and a kind of gold, look at what the U. S. is doing, and make a good effort to keep the price steady. Very little will change, and the position is 14%, but the $50 per ounce might well be kept steady.

Among the few that are willing to take a chance are the Canadian Bankers. The Bank of Canada, that produces in 1953 is somewhat of a holding company owning 65% of Sigma Mines (which produces around 80,000 ounces a year), 96% of Campbell Red Lake, a fine producer which only started in 1949 and now generating $25 million a year in sales (which is, by the way, worth 50¢ per ounce). In the latter company, the U. S. has a specific prospecting company under its wing.

In Dome you get a solid performer, a steady payer and a 7¢ dividend for the current price of 14½, plus a lot of future speculative value from an assortment of mineral potentials.

Lake Shore Mines

Lower in the price scale is Lake Shore Mines operating the town of Lake Shore with a small dividend (10¢ a share 1953 declaration) and a market price lower than any in year since 1942. The immediate profit-from operating prospects here are not that enthralling, but there is a good hope that, in a relatively short period, a recently discovered ore body may be the basis of a successful mine. In Lake Shore you're buying a rather high-cost producer, handicapped by occasional set back in operations, but one with $25 million paid up in gold, and paid $6. Today's a rainbow type speculation at 5% but, who knows, perhaps with a pot of gold at the end.

Other Prospects

Moving down a bit in the price scale, you speculate at a bit of 10¢, you expect to inspect Mead, an interesting item at $1.30, New Dickinson at $7.70 and Consolidated Discovery at $7. These are, of course, to a large extent, dependent on their interest to you, on the amount of money you happen to possess. But if you're looking for gold mines, it's better to get set among others with some production or at least some known potential reserves. In such cases, you enter qualitative in that slight requirement, and appear not with- out hope.

Of course, if you want to stay on sure ground, you can stay along with Giant Yellow Knife which I should have listed right after Kerr; and in the U. S., Homestake is the top of the gold pile.

The steady low cost producers seem the safest, and the further you go down, price-wise, generally speaking, the more you're buying a long-term bet on an increased gold price. Maybe you will see the value of $50 per ounce in gold. What's won't stay much longer, it's still the world's favorite bird.

Continued on page 2

The Security I Like Best

trying to hold the $c price line. One result has been to maintain a competitive domination of its field, with about half the domestic soft-drink business and an even greater portion of the foreign business. There is no brand in the world as well known as Coca-Cola or as widely obtainable.

The stock represents a good muscle on coming events. Any organization depression could be met by Coca-Cola in a most excellent manner. On the other hand, should inflationary pressures be resumed, it is likely that the company would finally alter its price views. The syrup price has been doubled by the company and its parent and subsidiary bottlers forever. It is known that there are conditions under which they could be revised but the company has not taken the step. The stockholder has a huge potential in the very high sales per share. It is easy to build up and realize a share potential in earnings and dividends the theoretically increasing the profit until moderately.

Financial position is excellent. The risk of the stock breaking below 100 would seem to me to be very small.

Norwood Vice-Pres.

Of Union Securities

Union Securities Corporation, 50 Broadway, New York City, announces that John K. Norwood, who has been associated with the organization, was elected a vice-president on January 1, 1951, has been elected a Vice-President.

Krumm, Lipscomb

New Morton Officers

W. H. Morton & Co., Inc., 29 Exchange Place, New York City, announces the election of Robert R. Krumm as Vice-President, succeeding F. C. Lipscomb as Assistant Vice-President.

Haseltine, Gilbert Addrs

(Special to THE COMMERCIAL AND FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Fritz A. Peterson has been added to the employ of E. R. Haseltine & Wilson, Inc., 108 Ninth Street, South.

F. EBERSTADT & CO. INC.
39 BROADWAY
NEW YORK 6, N.Y.
January 1, 1954

We are pleased to announce the election of Francis S. Williams as a Director and Edward F. Willett as a Vice-President.

January 1, 1954

YARNALL, BIDDLE & CO.
1528 WALNUT STREET, PHILADELPHIA 2, PA.
January 1, 1954

We announce the admission as general partners of

MR. JAMES D. WINSOR, JR.

MR. JAMES D. WINSOR, III

Mr. Benjamin Rush, Jr., has withdrawn as a limited partner.

The firm of Yarnall & Co. as of this date has been changed to Yarnall, Biddle & Co.

The following general partners now constitute this firm

ALEXANDER C. YARNALL
WILLIAM P. COSGROVE
JAMES D. WINSOR, JR.
HERBERT V. CALLAGER
JAMES D. WINSOR, III

YARNALL, BIDDLE & CO.
1528 WALNUT STREET, PHILADELPHIA 2, PA.
UN Experts Draft  
Plan to Stabilize  
Commodity Prices

A five-member committee, in re-
port prepared for United Nations,
presents proposals for unifying the
governmental stabilization commission
for primary commodities, and the use
of buffer stocks to stabilize prices.

While labor-management disputes
were more numerous than at this
time a year ago. Strikes at two major
metals manufacturers were refl-
ected in prolonged curtailment among
canners. Latest reports reveal
that claims for unemployment insurance
benefits continued to exceed
the level of a year ago and were
at the highest level in 1925.

Unemployment rose in December. The United States
Department of Labor estimated the jobless total at
3,850,000. This was 400,000 higher than in November,
and 425,000 above the December, 1923, level. Winter
outbreaks in outdoor activities accounted for part of the
rise, the department said. But it added, the number of idle
factor workers “also continued to increase.” Total civilian
employment in mid-December was figured at
60,800,000. This was 1,200,
000 below November, and 1,100,000 less than a year ago.

Steel producers also in the States have just run down the
curtain on their best year ever, states “The Iron Age,”
national metalworking weekly. Facing them is a new changing
year, when a buyer’s market will test them sternly. As the
new year begins, consumers show signs of increasing their orders,
which are expected to outstrip the year’s end slowdown.

Production for the year as a whole was close to 112 million
net tons of ingot steel in 1924, an all-time record for the industry,
representing a 25% gain over output the previous year. Higher
capacity made achievement of this record a breeze; actually op-
tioned 206 plants at its Auburn, N.Y., television parts plant.

The experts also favor use of buffer stocks, by which price stab-
ility is achieved for such purposes as buying and withdrawing supplies
from the market when prices are weak, and selling stocks when
prices are high, as well as systems of compensatory payments to
ensure international price stability in the event of
sharp fluctuations in primary commodity markets.

This report of the Committee of Experts on
International Commodity Price
Relations is the outcome of a de-
cision of the UN General Assem-
bly in 1924. The Assembly then
recommends to Governments that whenever they adopted mea-
sures affecting prices of primary commodities, will be as
immediately better than December. But steel people are hopeful that February and
March will register gains. If this is to happen, order books should
reflect it during the next few critical weeks, this trade source declared.

A sharp undoubtably be a factor in the steel market during
the first half of the year, since contracts with most producers
expire in their entirety on June 30. In view of the union’s
avowed intention to exact strong pressure for sizable gains, there
will likely be some second quarter ordering as a hedge against
a possible strike, states this trade paper.

Union demands are expected to embrace higher pensions,
moisture, social insurance, higher wages, and guaranteed annual
wages. Although emphasis this year will be on security, it is
Continued on page 38

MORGAN STANLEY & CO.

ANNOUNCE THE ADMISSION OF
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FRANK A. PETITO
H. EDWARD VOLLMER
AS GENERAL PARTNERS OF THE FIRM
 EFFECTIVE JANUARY 1, 1925.

January 1, 1925
2 Wall Street, New York
An Unpredictable Machine Tool Outlook

By HERBERT L. TIGGES
President, National Machine Tools Association
Vice-President, Baker Bros., Inc., Toledo, O.

Calling attention to return to normal conditions in deliveries of most types of machine tools, Mr. Tigges finds outlook for the industry unpredictable, because it is still doubtful whether Congress will amend the tax laws to permit depreciation allowances. Says, to save America from disaster of cumulative obsolescence, it is imperative that tax laws permit optional depreciation accounts by corporations.

Machine tool production for 1953 will exceed the 1952 total. Shipments for 1953 are estimated at approximately $1,380,000,000 by comparison to $1,125,000,000 in 1952. The larger 1953 shipments have their high point in March and have been gradually diminishing ever since, with peace-time orders, chiefly for replacement, cushioning the declining demand for defense purposes.

Backlog continued to decline as the year progressed. It is estimated it will be approximately six months' production at current rate of output at the end of this year. Backlog varies greatly, however, with individual companies, with complete defense orders, may have an extensive backlog, others can give their customers excellent delivery. On the whole, deliveries on most types of machine tools have been for some months on normal basis.

The outlook for the industry in 1954 depends largely upon factors which at this writing are unpredictable. Chief among these is the question as to whether the Congress will or will not amend the present tax laws with respect to depreciation allowances.

The industry's potential replacement market is without doubt the largest in its history. Although machine tools bought for World War II production are now over 10 years old, and in terms of usage, due to round-the-clock operation, far older. A large share of the nation's machine tools are literally over 20 years old. This extent of obsolescence now existing in America's metal-working plants is amazing.

Users of machine tools know that new and better machine tools, that will substantially cut production costs, can not be secured reasonably, and in some cases, not at all. They hesitate to buy them because of the penalty imposed by present Internal Revenue Department depreciation rulings precluding an average 20-year write-off for machine tools.

Money spent for machine tools is "risk capital." Can any manufacturer foresee the risks for 20 years? No, but he is allowed to recover his investment at the rate of only 3½% per annum. Is this fair? Is it justified? Advance in the art of cutting metal of a new machine tool obsolete in 10 or even seven years after purchase. Products are not only subject to depreciation, but in any event change. "Take a 20-year chance? Your client doesn't want it." So replacement is postponed.

If the metal-working manufacturer has a dollar's worth of capital invested in a new machine tool, is he less disposed of the foreseen risk, he would modernize. And who is in the best position to judge if this is a good investment? He is. He knows his own business.

Our industry is convinced that to save America from the disaster of cumulative obsolescence is imperative that Congress amend the present tax laws to permit optional depreciation. Under this system the purchaser could write off a new item of equipment in 1 or 2 years, 5, 10 or 20 years, as he chose.

If the Congress, in writing the new tax law, should enact this amendment it will be important that Congress lead to the greatest wave of plant modernization and jobbing ever seen in a many. If, however, no change is made with respect to depreciation allowances, the machine tool industry, in spite of immediate and relatively small risk, will refuse to produce. It is in the best interest of defense.

There is at present little hope for an increase in foreign sales. Despite the many restrictions continue to make it an activity of limited proportions. We prefer American-built machine tools to purchase them, still we know this is our country's foreign aid program has so contributed to the uprising during our European competition that foreign-built machine tools are now taking over our own domestic markets.

Defense buying will continue, but at a greatly reduced rate. It is true that the industry will not have to pay 

Our present system of government surplus bargain sales is anything like the extent which was the case after World War I. Most of the government-owned machines will be included in a national defense reserve, and only machines not useful to the defense program will be released. This is a great pick-up can be expected from defense demand.

The major factor in the machine tool outlook remains the tax factor. And this is a major factor not merely to this industry, but to all capital goods industries, to all users of production equipment, and to the nation at large. A neither rising standard of living nor an adequate national defense can be built on an inadequate obsolescence. Modernization is imperative for national progress and survival. It is to be hoped that the Congress will give due consideration in its forthcoming revision of our tax laws.

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JANUARY 4, 1954

How to Reverse the Recession

By PROF. ALBERT GAILORD HART*
Columbia University

Dr. Hart, predicting serious recession for 1954 or soon thereafter in consumer and producer durable goods and building, urges stimulation of consumer spending through (1) tax relief, including reductions on personal income levels and public consumer markets; (2) longer tax loss-carryback privileges with accelerated depreciation of plant and equipment bought during Federal financing for expansion of state and local public works; (3) a truly cyclical farm support program; and (5) some standing arrangement to protect our international trading partners against disastrous dollar pinch in case of a recession.

The first question to ask about anti-recession policy is what kind of recession we are talking about. And we must begin our answer by saying an anti-recession policy is possible only if the recession is temporary. Some time in the next few years, almost certainly, we must face the question of what is going to be the nature of the next recession. If our farmers, if our industry is healthy, if our home markets are sturdy, if our defense is strong, we can dispose to handle a recession.

Among the key characteristics of the next recession, we must make certain of the existence of a stabilization policy, and the public's reaction to it. The proportion of the business community and of consumers who regard prosperity as a normal must be as high as in 1929. But adverse experience might rather quickly revive the impression that depression is normal. Certainly we do not dare to become problem by supposing that public confidence is too fragile and that is so strong as to yield a quick and solid revival from any setback. Rather, we had better assume that the public is ready to be shown that the stabilization policy is working.

No-Durable Consumer Goods

The field where we have the greatest need for confidence in stabilization policy is the market for consumer goods and non- durable goods. Surprises are possible in this field, as we saw in 1951. But we are entitled to assume that measures to sustain consumer confidence in a recession will be effective in sustaining this part of the market for output.

The greater the relative stability this part of the market, the more recession will be of decisive importance. In 1929-1932, the drop in this type of spending accounted for nearly 60% of the drop in gross national product (measuring in current dollars) — or for a good two-thirds of the drop in spending on final products.

With the powerful elements of built-in flexibility we now have, we are sure that the continued on page 49


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JANUARY 4, 1954

"In 1954 dollars," the decline here was much more sluggish than the inflations in the twenties. Given reasonably adequate unemployment programs, with the help of government surpluses, there could be no reason for our people being reasonably well fed and clothed, and for public progress. We might conceivably have reason to be concerned with the inflation of incentives to produce currently in the more income-negative fields such as clothing, recreation, and the like, and to abandon in relief to the supply of food and clothing, current-dollar expenditures in the better times."
Slipping Economic Regions
And North-South Competition

By SEYMOUR E. HARRIS

Professor of Economics, Harvard University

Pouting out that in dynamic economy some regions are bound to grow more rapidly than others, Professor Harris states government and policy makers have added to the distress of the slipping regions. Aspects large military and other government outlays have obscured extent of problem and put off day of reckoning. State-level movement of labor and capital into new industries is too slow to offset social and management neglecting to seek out depressed regions. Emphasizes importance of concentration of export-adjustments on small sector of economy.

In classical economics, it is assumed that a country's international trade suffers competitive advantage resulting from a first reduction and rise in prices. In any case, both regions, as a result of slowdowns in international trade, have suffered price declines. As a result, each region's trade is declining in volume. Of course, many government policies have distorted the competitive advantage of the older regions. One reason is that the central bank's authority (e.g., the Open Market) is allowed to determine internal prices. A second reason is that of the older regions, the required decline of prices (relative) may not be forthcoming. One reason is that the central bank's authority (e.g., the Open Market) is allowed to determine internal prices. A second reason is that, for example, taxation policies and manufacturing policies exist.

Committee of the reserve banks (a bank in France) is the way to pressure through the system. By a redistribution of the system's holdings of government securities, the decline in the volume of capital in the weakened region. On occasion, it also is through governmental relief, and spending policies which have similar effects. Hence the required adjustments should be put off. This offers greater importance of the Monetary Authority or the Federal Government and the Basic balance of payments. But it still allows those trade unions in Great Britain and the late twentieth版的 weakened the British, the social and industrial situation, and thus interfered with adjustments and therefore the economic situation. To thus interfere with the adjustment process and movement of labor and to some extent capital is the situation. I am especially aware of the competition between developed and underdeveloped regions, and particularly between North and South, and between the West and the East.

The classical theory assumes that a loss of competitive position results in higher relative prices and the volume of goods are purchased by a rise in the number of imports, a decline in the domestic price level and the retention of monetary supplies and the higher interest rate. In response to growth elsewhere, losses in old industries, the older regions preoccupied with price-taking industries and unemployment are preoccupied with price-taking industries. It is possible to prevent a depression in the older regions, perhaps by moving employment in the older less advanced industries. Thus, for example, textiles and metal manufacturing industries gain.

Despite the weakness position of the older region, the required decline of prices (relative) may not be forthcoming. One reason is that the central bank's authority (e.g., the Open Market) is allowed to determine internal prices. A second reason is that, for example, taxation policies and manufacturing policies exist.


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NEW YORK 5
Bank Executives Hail Return to Free Markets

In Annual Report to Shareholders of National City Bank, Howard C. Shepard, Chairman of the Board, and James S. Rockefeler, President, find, as year closes, inflationary trends have been arrested, and money policy is one intended insofar as it can, to maintain economic stability. Foresee some decline in business activity, but hold no major depression evident.

In the Report to Shareholders to be presented at the 42nd Annual Meeting on Jan. 7, Howard C. Shepard, Chairman of the Board, and James S. Rockefeler, President of the National City Bank of New York, call attention to the return to a free market economy during the past year. Says the beginning of the report: "The year 1953 has been marked in our country by the removal of most economic controls and by the re-establishment of free markets in nearly all parts of the economy except agriculture. Production, trade and employment have set new high records. Personal, corporate and government debts have increased; but at the same time savings have risen in gratifying measure, and prices on the average level have remained stable. "Early in the year the monetary authorities allowed heavy demands for funds to have their natural effect in raising interest rates in all sections of the money market. Security prices were correspondingly depressed, culminating in a sharp decline in bond prices in the late spring. Subsequently, purchases of government securities by the Federal Reserve Banks and a reduction in member bank reserve requirements eased the pressures and recovery has followed. Many have complained that these fluctuations were unduly costly and disturbing. However, the tightening in the forepart of the year, when the markets were over-crowded, caused deferral of some borrowing and of some demand for goods, and thus reduced inflationary pressures. Conversely, the subsequent easing, coming at a time when business activity and needs for money had levelled off, gives support against inflationary influences and hence promotes stability."

It should be understood that a flexible money policy can operate only through flexible money markets. The aim is to establish a flexible policy, as was learned during the years before 1951 when prices of over-subsidized commodities were pegged in inflation, which leads to misposition of direct controls. The country cannot hope to have the benefits of a free economy, or money of stable purchasing power, unless monetary policy is free to change, and interest rates to move, as economic conditions change. "As year closes it seems correct to say that inflationary price trends have been arrested or have lost their momentum, that interest rates are lower and over-tight or excessively easy, and that money policy is intended, insofar as it can, to maintain economic stability."

"Any bank generally, deposits, loans and investments have changed relatively little in amounts, and have levelled off to the end of 1953. The volume of business that the banks have carried, a little higher, and earnings have shown increases despite higher taxes and expenses. All these trends appear in the operating results of this bank."

Concerning the outlook of business for the current year, the executives of the National City Bank state: "Next year closes it is generally agreed that business activity will increase, and that key industries are likely to experience some decline in prices and sales in 1954. The immense output of goods and services has brought back bankers' markets in more lines, and there is little inducement to add to inventories or place commitments for goods far ahead. On the other hand, the conditions will be expected to bring on a major business decline are not generally evident. Programs for plant and equipment expenditure show only a moderate growth in the implementation of many defense plants. The aggregate and Federal, State and local governments' construction activities fell off substantially as large as in 1953. Personal buying power is backed by the growing volume of liquid savings, and will be reinforced by tax refunds. It seems plain that money will be available for sound and worthy projects."

"Even a modest decline in business activity is vigorous enough to increase efficiency, reduce costs, improve products, and sell at prices better calculated to give the responsibility for the success of this effort rests with the management and labor. In that way the very men will impose a test of leadership."

"We are constantly studying our own operations with the three-way objective of improving our efficiency, providing the services which our customers expect and which it is our purpose to render, and building for the future. We are making new ways to make our organization more useful and to increase both our commercial and correspondent bank business. In this effort we are helped by the broad scope of the services we offer at home and overseas, and by the efficiency and loyalty of our staff."

"In the larger view, we recognize the responsibility of bankers, as of all businessmen, to contribute to the—maintenance of values to which we owe our heritage, and to promote economic stability and progress through sound practice and constructive leadership."
THE MARKET . . . AND YOU

By WALLACE STREETF

Some of the glum feelings around Wall Street at the turn of the year were dissipated a bit as the first week of the new year led off with a rather spirited price recovery, particularly for those issues that had suffered most in 1953. But since the market seemed determined to offer anything but complete satisfaction to anyone, the rather sharp shrinkage in volume injected a note of uncertainty.

The majority of market analysts were on the cautious side particularly since the 1953 sellers held out to the very last minutes and ended the year's trading with the tape two notches above lower prices heavy. It has been a long time since the list broke off a year on such a dismal note. The final session has seen an upbeat in all but a handful of the years of this century.

Big Losers Meet Reinvestment Demand

Chrysler, which was as hard hit through 1953 as any other investment grade issue, showed the earmarks of reinvestment demand and did well, adding as much as a couple of points for a couple of sessions running. But it has far more work to do if it is going to erase the better than $36 trim of last year, which has been giving a good account of itself so far.

Another aspect of the early markets of the new year that isn't overly comforting is a rather quick disposition to take profits. As a barometer of the market, this could indicate a lack of confidence on a rather broad scale. Goodrich, in one session, was able to forge ahead widely to a new high but was corrected quite before the trading even ended. Hiram Walker was also a bit erratic, first making valiant stab at a new high but backing down when it couldn't make the grade.

Rejoins Central Republic

[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.]

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January 1, 1954

Volume 179 Number 5238 . . . The Commercial and Financial Chronicle (61) 9

5288 FRASER 11:25:2020
The Economic Outlook for 1954

By DR. GERHARD COLM
Chief Economist, National Planning Association

Dr. Colm expects continuation of present mild downward trend, with aggregate demand and production in 1954 to $15 billion below 1953. Cites possible measures to fulfill governmen't pledges if need be, as a prelude to a period of readjustment, easing, including terms for home finance; and initiation of useful projects of additional public works. Asserts businessmen's expectation of government recovery programs can be effective in stimulating the economy, holding in any event longer term outlook is promising.

The recent forecasts are about events of the past. It can be stated that in the second half of 1953 the level of economic activity was at about the peak of last spring. The Federal Reserve Index of industrial production (1947-49 = 100, seasonally adjusted) reached 157 in May 1953 but had fallen to about 130 at the end of the year. That is a drop of about 8%. Production, employment, and hours of work are slightly below that of a year ago.

Talking about a turn in the trend of economic activity already implies some suggestions about the future. It implies that we don't expect an early and automatic upturn.

Future Intentions for Future Buying

We can go one step further by surveying the plans for investment and equipment shown to be the highest in the economy. Economic activity

The McGraw Hill survey of business plans for investment in plant and equipment shows about 9% decline in manufacturing industry, but only a 4% decline in all segments of business taken together, including commercial trade and utilities. A 4% decline in manufacturing would mean a drop of about $2 billion. It is encouraging that business spending shows a level of investment even though most of the defense-related expansion of facilities has been completed. It is noted that large spending for modernization is planned in industries in which there is not an immediate threat of a downturn.

Trends in residential construction as interpreted by the Commerce and Labor Departments also indicate a 4% decline in 1954 from the 1953 level, or a decline of about one-half billion dollars. The same survey indicates the present intention of business to cut back its inventories in several industries.

According to the Michigan Research Center, consumptions was about the same for the rest of the year. Income and savings were at about the same level. This is good time to buy large household items. Expressed intentions to purchase automobiles are at about the highest level, though with last year there were some indications of a slight tendency to delay replacements. There may be some for the future drastic increases or decreases in buying by any sector of the economy. Nevertheless, on balance they suggest a continuation of the present trend of general purchasing. When these fragmentary pieces are put together into a coherent picture and some decline in personal income allowed for, it appears that aggregate demand and production in 1954 might be about $15 billion below that of 1953.

In order to maintain full employment, the production of about $19 billion (in recent prices) would be needed. This would require a decrease in employment by 2.5% below the level prevailing.

However, it allows for the fact that, with the profit of the defense program diminishing, some withdrawals from the labor force, some shortening of average hours of work, and some increase in frugalness in consumer behavior might be compatible with the concept of full employment. At the same time this outlook indicates that businesses and consumers will be able to meet the demands of the market place and that the current level of activity will permit a continuation of the present trend.

The outlook for the year is that business and by large large expects the first quarter to be a transition period if the downturn should continue and become more severe. The uncertainty of the current and changing appetite for various types of securities and the effect of this on the supply of capital to industries. The banking system which is one of the factors that move the supply of securities, is one of the factors that move the current demands of the market place. This is the responsibility of the syndicate department of the underwriting house and, to the extent that it is not being met, it will be viewed as a failure of the company.

Change in Method of Capital Formation

A fundamental factor affecting the capital market is the changing of the method of capital formation, or, in other words, the change in the gathering of funds. This is the change in the method of capital formation, or, in other words, the change in the gathering of funds.

Except in the field of residential housing, the initial acceleration in 1954 requires considerable time.

Venturing a final appraisal which is rather arbitrary and, to a personal opinion, it appears that the outlook for the economy will continue to be a mixed picture. At the same time some is required before the effects of the pressures of the production of new capital and the cut back in capital and price reduction could make an impact on the rate of growth. It is important to note that the major has brought about a change in the distribution of the money market in the securities business.

The changed position of the individual investor's income is likely to have a variety of ways to affect the distribution of the money market in the securities business.

The change in price and capital expansion has been brought about a change in the distribution of the money market in the securities business. The change in the rate of growth has been brought about by a change in the distribution of the money market in the securities business.
to run the risk of immobilizing all of a firm’s capital in an un¬
successful deal by accepting under¬
writing risk and losing a large in relation to capital. In this
connection, it is prudent to accept a smaller risk in
the field of underwriting. Underwriting houses which are members of a securi¬
ties association must be regu¬
lated by the rules of the exchange as
well as the regulations of the Fed¬
eral Reserve Board.

What facts should influence the originating banker (managing under¬
writer) today in determining whether a new issue is worthy of his in¬
vitation to share the risk? The fol-
lowing points should be con¬
sidered:

(1) Character of distribution — In
the underwriting of public issues, who will sell bonds, preferred stocks and common stock, and how will it be charac¬
terized in another way as ability to distribute to institutions or individuals.

(2) Breadth or extent of dis¬
tribution — Related to the size of the merchandising job in hand.

(3) Capital in relation to size of underwritten self¬dis¬
tributions.

(4) Availability — i.e., degree of interest in other underwritings which may be going on sim¬
ultaneously.

(5) Specialization — i.e., partic¬
ular interest of a given house in types of securities, or utility issues.

(6) Comparative interest — i.e., the regional character of a given under¬
writer’s distribution as com¬
pared to the general appeal of the security being under¬
written.

These points are considered
when contemplating the contemplated actions is one of negotiation or competitive bidding.

Underwriting Agreements

The role of historical relationships in connection with underwriting partnerships has been dis¬
covered in a document known as the “Agreement Among Under¬
writers.” The managing under¬
writer is, among other things, ac¬
ceded the right by the other underwriters of reserving all or part of each house’s participation for volume sales to large institutions and for sales to other secu¬
rity dealers. In other words, houses underwriting houses have larger sales departments and therefore wish to retain a substantial portion of their underwriting participation for volume sales rather than have others which are a major portion be sold to them by dealers or as volume sales. Thus it is to be expected that the managing under¬
writer will be familiar with the literature and the members of his group. The vol¬
ume sales in the underwriting are known as group sales and are made at the public offering price. The group method of underwriting is a development which has increased in importance with the corresponding increase of the institu¬
tional buying power. Sales to dealers are known as selling group or selected dealer sales and are usually sold at a price less a selling concession to the dealer. The size of the total spread is determined by the in¬
derent underwriting risk and is relatively greater in bonds of lower rating, preferred and com¬
mon stocks and securities. The total spread is determined by the inherent salability of the security.

The syndicate department must be familiar with the provisions of the Securities Act of 1933, the Securities and Exchange Act of 1934 and the regulations of the Secu¬
rities and Exchange Commission, or at least be familiar with the application of the laws and regulations to the application of the securities.

Meeting the “Blue Sky Laws”

A “Blue Sky” law is imposed upon the syndicate depart¬
ment by so-called “Blue Sky” actions of the several states and by restrictions placed by state laws upon the insurance companies. These limitations are generally not mutually con¬
sidered in planning the issue it¬
self, but here we are considering only the problems they impose on distribution.

Some states require that a secur¬
ity be registered in that state before any securities can be of¬
certified either in the United States or in other states. This might be charac¬
terized in another way as the requirement of the security being under¬
written.

As to distribution, the salesman must meet the requirements of the several states with which his firm is acquainted. This might be charac¬
terized in another way as ability to distribute to institutions or individuals.

In order to insure the orderly distribution of the new offering and its ultimate placement in the hands of the public, it is at times necessary to “stabilize.” To accomplish this, the underwriter will place a “syndicate bid” in the market at the public offering price. In other words, the market is informed that the public offering price will be paid for any of the issued securities that may be offered in the market.

On the public offering, the underwriter, in anticipation of buying back the syndicate stabilizing bid, may initially over-allot the new offering in order to acquire a short position. Errors of judgment by the managing underwriter in transactions of this type might result in a substantial loss to an otherwise successful syndicate operation. Most agreements among underwriters and many selling group (or selected dealer) agree¬
ments provide that, if a security is purchased by the managing underwriter in a stabilizing op¬
eration during the life of the syndicate, the underwriter or dealer who originally purchased such part of the stock from the syndicate will re¬
stitute to the syndicate the amount of the selling concession. This is done because the stabilizing conces¬
sion represents compensation for distribution which was not really expected.

Some offerings are “set outs,” that is, the entire offering is im¬
ediate bids; others are slow; and, of course, some are un¬
sold, after the better part of the issue remains in underwriters’ hands. Here the ability of the syndicate comes into play. In the second instance he must know which of the particip¬
ants has unsold securities and, if possible, turn them over to other members or dealers who still have a demand. He may de¬
vote the entire syndicate to the position with the members of the group, either he should or hold to the original offering price or that a reduction in price will insure the effective distribution of the unbalanced.

On the other hand, it may

be, in the best interest of all to dissolve the syndicate and permit each participant to decide for itself what disposition should be made of its portion of the unbalanced.

Activities of the Syndicate Department

A short outline of the activi¬
ties of the syndicate department, after the initial underwriting and the offering date determined and the syndicate selling group formed, is as follows:

I Prior to the Offering Date

Canvass the field of prospec¬
tive large institutional purchasers and describe the security to be of¬
fered.

Send out “identification State¬
ment” and preliminary prospectuses

both to the above and to dealers.

Record requests of dealers for allocations.

Keep close check on the market for comparable securities.

Determine which underwriters’ names are to appear on the cover page of the prospectus and in ad¬
vertisements and the order of ap¬
appearance. Also when and where advertisements are to be run.

As the offering (or bidding) takes its turn, he will carry on consultation with other members of the group, the offering price and the selling department.

Determine what portion of the issue to reserve for group and dealer offering and what portion to reserve, and the effort to be made to sell it severally for their retail sales.

Estimate amount of out¬

controlled expenses chargeable to the account.

II On and After the Offering Date

Make group sales to institutions.

Offer securities to selected selling group dealers.

Make selling group sales to dealers entering subscriptions.

Price stabilizing bid in the mar¬

ket.

Over-allot, if considered neces-

sary.

Take back unsold securities from underwriters unable to sell and place such securities with other under¬

writers in continuing demand.

Report sales and selling group sales to the members of the underwriting group.

Determine when the distribut¬

ing has been completed and close the account.

Four Partners in Stein Rog & Farnam

CHICAGO, Ill. — Four execu¬
tives of Stein Rog & Farnam will become partners in the Chi¬

cago investment counsel firm of

Stein Rog & Farnam

Jan. 1, 1964, Sydney Stein, John M. Tittle, Vice-President; the are Henry B. Thielbar, Manager of the New York office; John M. Tittle, Account Executive and Vice-President of The Stein Rog & Farnam Fund, which is managed by the firm; Robert A. Woods, Account Executive and Secretary of the Fund, and Lang Elliott, Research Ana¬

lyst in the Chicago office.

This brings to 11 the number of partners in the firm, whose sole business is supervision of invest¬
mients of individuals, trusts, ins¬

itutions and other organizations. The original partners who founded the firm in 1932 are still active. Officrs of the firm were located in New York and St. Paul, as well as Chi¬
de. In 1949 the Stein Rog & Farnam Fund was launched to meet needs of smaller investors.

Mr. Thielbar, former partner of Naess, Thomas & Thielbar, has been associated with Stein Rog & Farnam since the establishment of the firm in November, 1931. He is the son of the late Frederick J. Thielbar, Chicago architect.

Mr. Tittle, a graduate of North¬

western University, has been with the firm ever since its formation and has been associated first with Bon¬
bright & Co., and later with Law¬

troczek & Co.

Mr. Woods & Mr. Elliott’s complete experience extends from the both are graduates of the Harvard Graduate School of Business Administration. Mr. Tittle is chairman of the

Board; Edward J. Mellen and Lester T. Miller, Vice-Presidents; Myron B. Gelbisch Jr., Secretary-

Treasurer; All were, formerly of T. H. Jones & Co.

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Stone & Webster Securities Corporation

Union Securities Corporation

White, Weld & Co.

January 6, 1954
Problems of Annual Wage Guarantees

By Boris Shiskin*

Director of Research
American Federation of Labor

Mr. Shiskin reviews efforts in U. S. to stabilize employment, along with experience in adopting systems of guaranteed annual wages. Points out a steady continuity of wage income has been achieved by rapid, prosperous and expanding economy. Holds annual wage guarantees may be appropriate in some industries and useless in others, but states "It is notable that resistance to annual wage guarantees sector to sector because they seem to be most feasible." Concludes, a guarantee plan which merely divides wages equally over a year to cover periods of unemployment is not a satisfactory plan.

Life in the United States, more than in any other country, has been reshaped by the headlong advance of technology. As manual labor has given way to mechanized work, with ever-widening use of mechanical muscle power, accompanied by steady progress in machine technology, most American wages have been tied to the ebb and flow of the cycle of livelihood.

Thirteen years of high employment maintained in this country since 1945, during which the problem of finding a job was far less important to most workers than in the previous years, has served to move people to the vital importance of the worker as an individual in a whole of a stable wage income. It is important to recognize that rapid strides made during these years in technology, in production and in the standard of living, have been paced by far-reaching changes in the economic structure of our society. Agriculture, capable of producing more workers than it needs, provides livelihood to fewer people. Of the number unemployed and seeking work remaining in 1945, some 6.5 million had been shifted from idleness to active endeavor. The maintenance of armed forces at least 3 million strong has become a normal expectation, in contrast to only 400,000 men under arms in 1940.

According to the Census, between 1940 and the end of 1953 (October) our population increased from 132 million, a rise of 21.6%. During the same period, our civilian labor force increased from 55.8 to 64.1 million, or 14.1%. Yet, in the same span of time, the number of employed workers (other than farmers, family workers and self-employed) in non-agricultural employment has risen from 23.3 million to 48.1 million, an increase of 105.9%. To put it another way, while in 1940 workers earning wages and salaries constituted 35.8% of the civilian labor force, today they represent 76%. This means that steady continuation of a prosperous and expanding economy, a nation in which a wage earner is predominant and in which wage income is the main source of family income, is still itself with the problem of continuity of wage income.

Wage Income and Employment

In the interwar period (1914 through 1940), unemployment has been at the annual average of over 9.8 million, ranging from 7.7 to 12.8 million. Last October it was still at the peak level of 12.2 million. Yet there was plenty of work, and a great deal of employment was on the way. Turnaliments in part-time, temporary or seasonal employment have displaced from employment substantial numbers of headship workers in the family, who have become a regular part of the labor force as a result of becoming reliant on the primary breadwinner's income. In the six years ending in mid-December, 1953, claims for unemployment compensation rose more than 640,000, or over 64%. Many workers who lost their jobs in November were not recession-proof and their wages were only temporarily suspended. Over a period of years, income has become a very real and immediate problem.

As layoffs hit an increasing number of workers whose jobs are irreplaceable, the primary breadwinners in the family realize that their source of livelihood is likely to be temporarily suspended, with the resulting embroilment of economic distress. If the layoffs are general in the particular line of work, the economic distress is extreme, and for other work, loss of income would be even greater.

The newly unemployed worker is normally eligible to receive unemployment benefits for a period of 26 weeks. This is not enough to feed a family of 5, or even to pay rent and other necessities. It will not permit the family to buy all the necessary items, essential, semi-essential, and in some notable instances the products of luxury industries. Whether the unemployment is a result of a business cycle, or in the recent years of the great depression, it is hard to say exactly what will be the economic distress resulting from unemployment.

The primary source of continuous wage income is productive labor itself. The worker is either employed in an industry in which the economy as a whole may fluctuate, or in industries in which the actions of the business community, the price of raw material, inventory, investment or the demand for finished products, are responsible for the worker's business activity and re-creation unemployment cannot be controlled in some enterprises or as a general or particular employer. Anti-unemployment legislation is not effective on the whole economy and the worker must continue to make the adjustments of public and private policies, but if they are uneconomic he will be less given positive support by the public sector.

But even if business activity remains relatively stable and the wage earner is assured of a regular flow of income, unemployment or intermittent layoffs. A million workers employed in a particular industry in December are likely to be laid off for a period of one-half of construction workers employed in that industry employed in February. Food industries, apparel, coal mining are examples of industries with an uncertain seasonal fluctuations.

Much has been made of unemployment of the American worker in recent years. Actually, the number of workers in the recent period has been of two kinds, first, there were great movements of workers between all major war II and in the defense period been a great deal of work in expanding war or defense employment. The second was a great deal of steady work at better pay and the third was a great deal of intermittent resettle in another community. Second, there has been a great deal of movement of workers to areas of seasonal employment opportunities. Union referrals to jobs in such areas have been more abundant. The worker's decision to move to and from the seasonal migration of farm workers, for example, can be attributed to a change in agricultural processing.

It is true that with more agricultural processing, the atmosphere of confidence generally declines, and farmers are aware that in the years of their working have moved around the country more than before.

New issue

Offered as a Speculation

199,800 Shares

Diamond Bros. Company
A New Jersey Corporation

Common stock

Offering price $1.50 per share

Diamond Bros. Company is one of the few largest manufacturers of fitting room furniture in the United States. Diamond has a plant in Trenton, N.J., adjacent to the Philadelphia Textile Machinery Association, and a plant in Little Rock, Texas, situated in the heart of the pumping machinery manufacturing belt. Diamond is an affiliated company which has plants located in Santa Monica and Gardena, California.

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The Commercial and Financial Chronicle - , Thursday, January 7, 1954
The Confused Conceptions of the Guaranteed Wage

By EMERSON F. SCHMIDT
Director of Economic Research
Chamber of Commerce of the U. S.

Dr. Schmidt, in stating though employers prefer steady jobs for workers, a dynamic economy is subject to constant change, and employers may have to retrain their employees from time to time to keep in mind that wages as well as employment and salaries are not guaranteed.

In an article appearing in the journal of the American Economic Association, Dr. Schmidt points out that the concept of a guaranteed wage, as it is often presented, is misleading. He argues that the idea of a guaranteed wage is often based on the assumption that wages are fixed and cannot be lowered.

Dr. Schmidt points out that wages are not fixed and can be lowered in times of economic downturn. He also notes that the idea of a guaranteed wage is often used to justify low wages and working conditions for workers.

In conclusion, Dr. Schmidt argues that the idea of a guaranteed wage is misleading and that employers and workers should not rely on it as a basis for setting wages or working conditions.

Advice to GI Wives

By ROGER W. BABBON

Mr. Babbon gives advice to wives of service men regarding new jobs, and says opportunities exist for starting a small business near your home. He advises returning soldiers to buy land near their homes and to engage in farming to support their families. He concludes that returning soldiers may find opportunities to work near their homes and to engage in farming to support their families.

1. **What is the main idea of the article by Dr. Schmidt?**
   - The main idea of the article by Dr. Schmidt is that wages are not fixed and can be lowered in times of economic downturn, and that the idea of a guaranteed wage is often used to justify low wages and working conditions for workers.

2. **What is the main advice given to GI wives by Mr. Babbon?**
   - The main advice given to GI wives by Mr. Babbon is to consider farming as a viable option for starting a small business near their homes. He advises returning soldiers to buy land near their homes and to engage in farming to support their families.

3. **What is the significance of the idea of a guaranteed wage?**
   - The idea of a guaranteed wage is significant because it is often presented as a way to justify low wages and working conditions for workers. However, Dr. Schmidt argues that wages are not fixed and can be lowered in times of economic downturn, and that the idea of a guaranteed wage is misleading.

4. **What is the significance of Mr. Babbon's advice to GI wives?**
   - Mr. Babbon's advice to GI wives is significant because it provides practical suggestions for returning soldiers who want to start a business near their homes. His advice to consider farming as a viable option can help to support families and create a source of income for GI wives.

5. **How can the idea of a guaranteed wage be misleading for workers?**
   - The idea of a guaranteed wage can be misleading for workers because it assumes that wages are fixed and cannot be lowered in times of economic downturn. However, wages are not fixed and can be lowered in times of economic downturn, and the idea of a guaranteed wage is often used to justify low wages and working conditions for workers.

6. **What are some practical suggestions for GI wives as provided by Mr. Babbon?**
   - Mr. Babbon's practical suggestions for GI wives include considering farming as a viable option for starting a small business near their homes. He advises returning soldiers to buy land near their homes and to engage in farming to support their families.

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Prices of High Grade Stocks
Aided by Institutional Demand

By JOHN M. TEMPLTON
President, Templeton, Dealers & Vaneck, Inc.
New York City

Investment analysts, in pointing out premium prices being paid for stock issues that are favored as trustee investments, call attention to the growing demand for these shares by insurance companies and institutional investors. Says another element in the strength of these shares is fear of a general business recession. Holds the unusual width (60%) which is observed in high grade stocks and some more speculative issues may continue, because most new money flowing into stocks comes from institutional investors. Concludes best long run results are likely to come from searching out stocks of improving grades, or stocks which are real bargains. Lists 100 common stock movement prices.

Some stocks are more stable in price than others. Stocks which have had a consistent record of stability in prices, earnings and dividends are referred to as high-quality stocks. These are usually the shares of large and famous companies operating in industries of a non-cyclical nature.

Between Oct. 17, 1951 and Dec. 2, 1953 there has been a remarkable divergence in the price trends of high-quality stocks compared with the general list of stocks. This is the subject of our study. In the short run, shares of small and young companies and shares of companies which have fared as well as, and perhaps better than, their quality stocks in recent years, accordingly, the rating for high-quality stocks coincides with declining prices for other stocks generally in the last 25 months.

Field, Standard & Poor's Index of High Grade Stocks increased 14.3% whereas Standard & Poor's Index of Low-Priced Stocks decreased 32.7% during the period referred to above. The Dow-Jones Industrial Average of 30 industrial stocks, which are mostly high-grade, have increased 35.2% during the period referred to above. The Dow-Jones Transportation Average of 20 industrial stocks, which are mostly high-grade, have increased 35.3% whereas the general level of all stocks on the New York Stock Exchange declined 11.4% for the period of the study. How much the general level of all stocks declined, we have studied the record of the first 100 common stocks, chosen alphabetically, which are listed on the exchange. This list, which naturally includes some high risk or speculative stocks but is reasonably representative of the group, has declined 32.8% in the last two years.

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It has always been normal for stocks with a long record of stable earnings and higher, in relation to earnings than is the case with the general run of stocks. The link between price and earnings is called the price-earnings ratio and this is one of the most important elements in the stability of stocks. The price-earnings ratio for high grade stocks is normally higher than the price-earnings ratio for low grade stocks. Because of the factors discussed above, this spread is greater now than formerly. Because of the trend toward institutionalization will continue, the spread may continue to be unusually wide at lower standards.

Will the Spread Hold?
The question of whether the spread will remain wide is important, but even more important is the question of whether the spread will grow wider. A high grade stock like Union Carbide is now selling for a little more than 20 times average earnings for the last five

One Hundred Common Stocks

Stocks Alphabetically

Prices of High Grade Stocks
Aided by Institutional Demand

By JOHN M. TEMPLTON
President, Templeton, Dealers & Vaneck, Inc.
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To be specific, Standard & Poor's Index of High Grade Stocks increased 14.3% whereas Standard & Poor's Index of Low-Priced Stocks decreased 32.7% during the period referred to above. The Dow-Jones Industrial Average of 30 industrial stocks, which are mostly high-grade, have increased 35.2% during the period referred to above. The Dow-Jones Transportation Average of 20 industrial stocks, which are mostly high-grade, have increased 35.3% whereas the general level of all stocks on the New York Stock Exchange declined 11.4% for the period of the study. How much the general level of all stocks declined, we have studied the record of the first 100 common stocks, chosen alphabetically, which are listed on the exchange. This list, which naturally includes some high risk or speculative stocks but is reasonably representative of the group, has declined 32.8% in the last two years.

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The divergence in the price trends for the high-grade stocks has been augmented, especially during the last two years, by the fear of a general business recession. The opinion has been widespread that the high-grade stocks might provide a mildest depression would begin soon; and even if it were only a recession, it would be more than mild. Therefore these security analysts and others have been concerned about whether they have been shifting these high-grade stocks whose earnings are expected to be stable and out of the common companies whose earnings might suffer temporarily during a general business recession. To this considerate extent a recession has already been discounted in the stock market. Shares of many high-grade stocks and prices operating in cyclical industries are now selling at prices which are low not only related to cyclical property earnings but also in relation to long-run high-grade stocks which may be expected during the next few years.

The fear of a business depression has endured for a long while; but this fear can be regarded as temporary. If the economy does not occur, the fear may disappear, and if it does occur, investors are likely to regard it as the liquidation of recovery. It is the nature of the elementary cycle that fears and anticipations are considered. On the other hand, there is no end in sight for the trend toward greater institutionalization and the spread is likely to continue to be unusually wide at lower standards.

Effects of the Depression Fear
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The question of whether the spread will remain wide is important, but even more important is the question of whether the spread will grow wider. A high grade stock like Union Carbide is now selling for a little more than 20 times average earnings for the last five years, whereas a medium grade stock like U. S. Plywood is selling for 15 times average earnings for the last five years.

Some low grade stocks are medium grade stocks. Does this disparity increase? In other words, will the dividend difference tends to be self correcting. Naturally, the trend toward institutionalization is how great the disparity can get.

The limited quantity of top grade stocks is the reason we encourage trustees gradually to look for better stocks. Some trustees do not have the position of trus¬tees, when they see the great disparity in dividends between the high-grade stocks and the low-grade stocks. It is enlightening to notice that the disparity showed up first in the difference between bond yields and stock yields. After a while this led to a general trend for institutions and trustees to include a few high grade common stocks in their investment policies.
rather than only bonds. It is natural and proper for men acting as brokers to carry on this line of business, and as far as they have thus far been willing to purchase only top grade common stocks. However, there may well develop a middle class and develop a market seeking much greater values and greater yields than can be found among most ten grade stocks.

Another situation which deserves particular study is the problem of certain stocks previously regarded as medium may gradually come to be regarded as top grade. For example, in the 10 years 1935-1945 Minnesota Mining was regarded as medium grade and the price-earnings ratio averaged only 11. Now many analysts regard it as medium to top grade and its price is over 25 times the highest earnings ever reported. To use Wall Street slang, there are a good many red chips now which may become blue chips within a few years.

Of course, under certain circumstances the prices of low grade stocks increase much faster than the prices of high grade stocks, sometimes many times as fast. For example, Norfolk & Western, which was regarded as a top grade stock in 1941, sold as low as 44% in that year and is now available at 24%; whereas the price of St. Louis-Southwestern, a low grade stock, increased from 1/2 at that time to 222 at present. The price of Missouri Pacific preferred, another low grade stock, increased from 1/4 to 40%. Conditions which lead to the popularity of low grade stocks will occur again some time; but this does not appear probable in the next few years.

Finally, it is worth noting that a really long-term investor will fare better if he selects stocks with low price-earnings ratios, if all other factors are equal. For example, a stock purchased now for 20 times average future earnings will accumulate during the next ten years $500 for the benefit of the owner. If you pay 20 times earnings for the shares of a company with a steady earning power, you may actually be taking more risk than if you pay only seven times earnings for the shares of a company whose earning power is subject to fluctuations.

To get the maximum combination of safety, income and capital growth, investors should seek to buy stocks at low prices in relation to normal earning power.

Conclusions

It is normal for high grade stocks to sell for higher prices in relation to earnings than medium grade stocks. The disparity has increased remarkably in the last 25 months. The unusually wide disparity may continue because most new money is flowing into stocks by way of institutions. For several reasons the disparity is self-limiting. Investors should favor good quality stocks; but those investors who are not trustees should be willing to pay only a fair and not an excessive premium for good quality stocks. Best results in the long run are likely to come from selecting stocks of improving quality and stocks which are real bargains.

Newhard, Cook Adds

ST. LOUIS, Mo.—Eugene M. Reese has been added to the staff of Newhard, Cook & Co., Fourth & Olive Streets, members of the New York and Midwest Stock Exchanges.

Information Meeting Held on Impending Mackinac Bridge Issue

Public offering of $79,800,000 4½% bonds set for Jan. 14

An information Meeting of underwriters who have been invited to participate in the pending public offering of $79,800,000 Mackinac Bridge Authority 4½% bridge revenue bonds, series A, due Jan. 1, 1994, was held Wednesday at the Bankers Club, 120 Broadway, New York. The offering is expected to be made about January 14.

The meeting had been called by Union Securities Corp., which together with Allen & Co., A. C. Allyn and Co., Inc. and Stifel Nicolaus & Co., Inc. were awarded the bonds by the Bridge Authority on Dec. 17 and which will co-manage the nationwide offering group. The co-managers also were awarded on Dec. 17 an issue of $20,000,000 Mackinac Bridge Authority series B, 8 ½% bridge revenue bonds due Jan. 1, 1994, but no public offering of these bonds is planned at this time.

Present at the Information Meeting, in addition to representatives of the group co-managers, were representatives of the law firms of Mitchell & Pershing, and Miller, Canfield, Paddock & Stone.

Firm Name Now Wainwright & Ramsey

Wainwright, Ramsey & Lancer, 70 Pine Street, New York City, consultants on municipal finance announce that, effective Jan. 1, 1954, the organization's name will be changed to Wainwright & Ramsey, Inc. The officers will be J. Basil Ramsey, New York; William Townend Wainwright, President; Lincoln E. Caffal, Vice-President.

A. Wiesenberg Co. Admits Three Partners

Arthur Wiesenberg & Company, 61 Broadway, New York City, members of the New York Stock Exchange, announce that effective Jan. 2, Alvin Rumal, Arthur V. Tomasselli, and Arthur J. C. Underhill were admitted to general partnership in the firm.

With Eastman, Dillon Co.

(Special to The Financial Chronicle) CHICAGO, Ill.—Charles D. Turgrimson has become associated with Eastman, Dillon & Co., 135 South La Salle Street. He was formerly with Smith Barney & Co.

THAT'S A TRANSISTOR, invented at Bell Telephone Laboratories. This tiny electronic device can do many things that vacuum tubes can do and more besides. Though little larger than a coffee bean, it can amplify electric signals 100,000 times.

She's Holding a Five-year-old Granddaddy

The Transistor was announced only five years ago but it is already the daddy and granddaddy of many promising offshoots. All of the growing uses of this tiny electronic device stem from its invention at Bell Telephone Laboratories.

Schlom has been the inventor of electronic equipment for defense, as well as radio, television sets, computing machines, hearing aids and electronic apparatus.

One of the first uses of the Transistor in telephony was in the new electronic equipment which enables telephone customers to dial Long Distance calls from coast to coast.

We can already see the time when it will bring many other improvements in both Local and Long Distance service.

BELL TELEPHONE SYSTEM

NATIONWIDE, TO SERVE THE COMMUNITY, TO SERVE THE NATION.
A Forecast of the 1954 Agricultural Situation

By ORIS V. WELLS

Administrative Assistant in Agricultural Marketing Service, U. S. Department of Agriculture

After prefacing his remarks by pointing out the limitations and difficulties in forecasting agricultural situation, Mr. Wells predicted that farm incomes in 1954 will fallow pretty much the same pattern which prevailed in the Fall of 1953.

The opening lines of the leading story of the Third Annual Agricultural Outlook Conference (Oct. 26) ran as follows:

"There is a change in the economic atmosphere for food and other agricultural products in 1954 as compared with 1953. First, because of world harvests in 1952-53 season from other regions will be below at a level sustainable over the next year or so. Supplies of most farm products will not continue large in 1954. Carryover stocks are expected to be large at the end of the current marketing year, and they will be held by the government. Agricultural prices are likely to be affected by this effect of the carryover in 1954 and price support programs. The impact of large supplies on farm products is likely to be reflected in a more favorable outlook for prices in 1954 than in 1953. Second, we have to consider, however, the way in which the foreign situation may change and perhaps the major change in the general situation. We have to consider the way how cold the foreign situation may change and perhaps the major change in the general situation. We have to consider what we can write the weather."
Free Trade or Free Exchanges—A British View

By PAUL EINZIG

Holding free trade and free exchanges are not necessarily the same thing, says Dr. Einzig. It is true that free trade and free exchanges go hand in hand, but in practice there are many cases where the two are not compatible.

LONDON, Eng.—The title of the above address might appear to be utterly absurd to the prewar generation. Surely, they would say, free trade and free exchange are perfectly compatible. Free exchange is just as important as free trade, and vice versa. In our day, however, free trade and free exchange no longer complete each other, except in the case of the United States and a few other favorably placed countries. There is no need to show how to have both at the same time. A group of countries may make mutual exchange agreements which cover all, and indeed a number of countries have to do with foreign trade; but there is the other hand, a number of countries are contracted with, and there is a certain number of countries which have to do with, the exchange of goods and services. In choosing between relaxing their trade restrictions and relaxing their exchange restrictions, the problem of choice is one of the countries involved. It is only if we choose to have both the need to choose between the two freedoms that have come to consciousness. Until a year ago it was widely assumed that a return to free exchanges would not be feasible until the war was over. The "dust" of freedom school meant to have both at the same time. Its adherents assumed that once convertibility was restored to the gold standard, it would be well also in the sphere of trade. During the second half of 1952, the increase of the Sterling Area gold standard countries, together with the problem of the gold standard, could be solved by simply returning to free exchange and allowing things to work themselves out for the best.

In 1953 the influx of gold slowed down, however, before a sufficiently large quantity of gold could be accumulated to make it appear safe to relax the government's pressure that convertibility would be expected to produce on sterling. Those in the United States were returning to freedom at the earliest possible moment because of the high cost of a gold standard of self-assurance. They gradually came to the conclusion that this system of gold standard could be tolerated only if the gold standard was not to become a convertibility with the aid of import controls which become import restrictions while continuing to seek safety in inconvertibility.

Until quite recently the view that free trade is more important than free exchanges among people, was among liberal economists. This was the view of the classical school, which believed that free trade and free exchanges are merely the means to an end. The end of the classical school is to restrict the volume of imports for the sake of being able to free the exchange does appear to mistake the means for the end. According to the classical school, there was an urgent need to remove quotas and discriminatory provisions, even at the cost of maintaining some of its restrictions.

Dr. Einziger states that it has now become fashionable for British economists to preach that return to sterling convertibility is a supreme objective, for sake of which the return to free trade and free exchange is committed to removal of trade restrictions, and cites recent easing of exchange controls.

For example, in 1953 the Bank of England lifted the restrictions on the import of foreign currency, and the Sterling Area gold standard countries, together with the Bank of England and the British government, have been gradually easing their exchange restrictions. The Bank of England has been reversing its 1952 policy of restricting the volume of imports for the sake of being able to free the exchange operations.
From Washington
Ahead of the News
BY CARLISLE BARGERON

There has undoubtedly been worse nonsense but it is doubtful if anything has ever been so natronated with worse nonsense than that about the Democrats' cooperation with the Eisenhower Administration. (1) Attorney General Brownell charged Truman with having promoted Harry Dexter White after the FBI had reported charges he was a spy, and (2) because Governor Dewey recently made a speech saying the citizen should consider Truman's name synonymous with death in Korea and redemption in government. These alleged instances of recklessness on the part of two high Republican moguls, we have been repeatedly informed by the pundits, broke up a happy relationship between Eisenhower and the Democrats which acquired well for the future of the country and will now result in much evil. The obvious suggestion is that Dewey and Brownell should be repudiated by the Administration and the Republicans as a whole.

That such propaganda as this from the Washington pundits should be so widely circulated over the country and accepted, is evidence of the even political balance between the Republicans and Democrats in Congress. It has been a mistake to assume that the country voted Republican in November, 1952 as has been generally assumed. What happened was that a man running for the Presidency on the Republican ticket was elected to the White House but a Republican Administration is far from being in power. The Democrats are still quite vocal, and they are apparently more vocal than the Republicans.

The so-called Democratic cooperation with the President at the session of Congress was not cooperation in the sense of the word in the slightest. It was a case of the President proposing measures which the Democrats could not afford to resist. There will be measures of the same sort at this session and you will find the Democrats supporting them certainly more enthusiastically than the Republicans. The explanation will be that the particular measures will be of such a type that the Democrats cannot afford to oppose. But you can rest assured that whatever they support the President on a particular piece of legislation or on any other matter will not be influenced by either Dewey or Brownell's attack.

It is in the cards, because of the nature of the President's program and his willingness to go as far as he can, that there will be a clash and there will be a battle. But moving against this situation is a yearning on the part of the Eisenhower Administration to do all they can to avoid a clash and accomplish this. They are a worried folks and apparently quite chastened from their long visit at home. They have returned to Washington without a clear program where they are going to hang separately. How long this feeling will govern the Administration is anyone's guess and its line or policy. But the Administration measures are hard to tell. But the President and his close official family are said to be highly hopeful of what the future will bring. But the Administration can hardly be expected this year to show party unity, they feel a need of building up their strengths and will build him up as a great leader who cracks the whip and makes the legislators do his bidding. As to how long this will last I feel certain that I do about their longing to present a united party.

As things are shaping up the surprise of the session may come when the President (or out-do the President in his proposals generally acceptable to them and more palatable to the electorate. In respect they are likely to move forward with a bigger tax cut such, for example, as an increase in exemptions for dependents from $600 to $700 or $800. The fact that they are seriously considering such a tax cut is evidence of their intention to do so as the contrasted with the Republicans' reputation for political stupidity. The Republicans have been living under this shadow ever since 1824 and 1825 it was returned to the country. If the Democrats should succeed in pushing through any such tax reduction the Administration would get the credit for it and if they didn't succeed it would be the fault of the Republicans.

Where the clock Democrats are most likely to stump their toes too, and they are no doubt they will on all other major measures. They plan to fight the reduction of our armed forces in Korea and in Europe. They plan to fight for more ap¬propriations. Their theme is that the Republicans are settling security for economy, putting the dollar in harm's way. This, indeed, seems to be a real case of the political leaders to offer as the "loyal opposition." To my mind it is something the Republicans can easily show a unified front on and perhaps in the next few months they will get a pretty good showing. The few next months may, in fact, show the country holding an advantage of having the two political parties in Congress which would benefit the Republicans next November, set¬ting the President's country is not a Democratic country, conservative or liberal, and negative the voice of the "liberals" and pinks in our national affairs.

Morgan Stanley Co.
Admits Three Partners

Mr. Pettito joined Morgan Stanley in 1937 and has been with the firm for the past 15 years of military service. He was appointed a partner at the time of his separation from the U. S. Army in 1946.

Mr. Vollmer received his chemical engineering degree at Columbia University in the for exped and greater competitive

THE COMMERCIAL AND FINANCIAL CHRONICLE
Thursday, January 7, 1954
The Bond Market in 1954

In annual year-end review, Halsey, Stuart & Co., Inc., investment bankers, report some decline in corporate offerings, but full supply of tax-exempt state and municipal issues, along with large refundings of U. S. government obligations.

Some probable yields and interest rates. Predicts a relatively high volume of capital expenditure in 1954.

Halsey, Stuart & Co., Inc., in its annual year-end bond survey, foresees a relatively high volume of capital expenditure in bond market in 1954 a continued full supply of tax-exempt state and municipal issues, some decline in over-all corporate offerings, large refundings of unseasonable obligations in addition to new money deficit financing by the Treasury in the last half, the likelihood of much more stable interest rates and bond prices than prevailed in 1953, and the probability of lower rates and higher prices.

"The nation's over-all economic activity still is in high gear as we enter the new year, but some of the hills are getting steeper and some segments of the economy are shifting or preparing to shift into a lower gear," the Halsey, Stuart, forecast states. "The economy will continue to roll, and well, but not at the extraordinary speed it has sustained through many years."

In the industrial field, according to the survey, capital expenditures in 1954 may be relatively high, although somewhat under the peak level of 1953. However, it pointed out, the volume of new corporate bond issues may decline to a greater degree as industrial demands for new capital contracts. As the railroads approach complete dieselization, borrowing for new equipment undoubtedly will decline further. Utility financing, however, could maintain or exceed the volume of recent years with electrical utilities particularly calling for expenditures of close $4 1/2 billion. Telephone industry still is trying to catch up with public demand for new facilities. In the gas utility area, forecasts indicate a reduction of about 30% in the cost of transmission, distribution and storage.

State and municipal issues will go to market in sizable volume, said Halsey, Stuart. Although "whether 1954 will be another record-breaking year for tax-exempt offerings is anybody's guess," the company pointed out that the nation's voters last November approved over 30% in amount of the bonds submitted at the polls.

"Additional turnpike financing is being discussed in several states and amounts involved are enormous," the survey continued. "The backlog of need for school, highway, sewer, water and other municipal facilities continues to mount with the nation's growing population and expanding communities.

"While the reduction in individual income tax rates effective January 1 seemingly would lower the value of these tax-exempt issues, its actual effects will be nominal. The good yields of state and municipal bonds will continue highly attractive to certain investors who will take advantage of the exempt status and their proved stability.

The year ahead probably will show some slackening of the nation's economic growth, but Halsey, Stuart predicted. "Indications are that housing starts will continue at the levels of recent years and the demand for mortgage money correspondingly low. Industry's over-all expenditures for plant and equipment are likely to continue high, but off somewhat from 1953's peak. A softening of general business activity, already evident in some fields, should result in a lower demand for both business and installment credit. In an effort to offset the economic decline, Federal fiscal authorities will probably put emphasis upon the maintenance of easy money conditions, to the extent that circumstances permit.

"Individual savings should continue at a high level, reflecting a general inclination to save money when he feels uncertainty in his personal business outlook. Much of today's savings takes the form of debt reduction or is committed money, such as that paid into insurance policies and pension funds, and the institutional recipients of these funds undeniably will continue to provide the principal market for corporate offerings. Because of lower credit demands banks are expected to be a more important factor in the short-term investment market."

Looking back at 1953, the survey cited as a year of abrupt changes in the financial markets, of sharp variations in bond prices and interest rates. A high level of economic activity and high credit demands in late 1952 carried over into 1953, and their inflationary potentials were a problem child deposited on the doorstep of a new administration that was pledged to halt devaluation of the dollar. The problem was further complicated by the fact that the Treasury was faced with financing a budge¬
table deficit and with heavy debt maturities which would have to be refinanced.

Money became tighter and interest rates gradually edged upward during the first quarter, the survey related. Following the Treasury's April offering of its first bond issue since 1945, distribution of which "could hardly be considered successful," the market for government bonds broke and substantial declines in prices for both corporate and tax-exempt securities took place. From mid-April to mid-June the market was uncertain and dis¬organized.

Market confidence was restored during the summer, after the Federal Reserve banks began open market purchases of Treasury and Federal Reserve authorities reduced the reserve requirements of member banks. Long-term bond prices improved. "For the Treasury's August and September refundings were highly successful," said the survey. "These developments were reflected in the mid-September and October bond market by a rapid upward adjustment in prices. Reflecting this change for the better, an average of corporate bond prices which was 92.97 on June 19 had increased to 97.10 as the year drew to a close and an average of tax-exempt bond yields had moved from 3.06% to 2.63%.

The survey pointed out that corporate spending for new plant and equipment in 1953 probably approached a record $25 billion, but that "from summer on, easing tendencies in some industrial construction and financing became apparent."

Utilities financing during the year was bolstered by substantial offerings in the fourth quarter, undoubtedly brought 1952's utility stock and bond total close to the $8.4 billion of 1943, for Halsey, Stuart said. "Preferred stock common stock accounted for about 40% of the 1953 offerings, maintaining in most cases improving the satisfactory equity of utility debt structure," the company added.

Railroad equipment financing aggregated some $240 million in public offerings, down somewhat from the $270 million of 1952, the survey continued, pointing out that there were only four mortgage offerings during the year, all refunding issues, and totaling $56 million. It was a record breaking year for patent, leasehold and equipment offerings during the year, all refunding issues, and totaling $56 million. It was a record breaking year for patent, leasehold and equipment offerings during the year, all refunding issues, and totaling $56 million.

New Branch for First Securities

CEDAR RAPIDS, Iowa—First Securities Company of Chicago announce the association with them of Edward H. Kane as Manager of their new Cedar Rapids, Iowa, office. Mr. Kane, born and raised in Cedar Rapids, has been in the investment business in his native city since 1924 where he represented, during the last 29 years, such well known organizations as the old Foreman Bank of Chicago and E. H. Rollins & Sons.

Joins Hannaford Talbot

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Sydonia Chance Masterson has become affiliated with Hannaford & Talbot, 519 California Street. Mrs. Masterson was formerly with Demsey-Tegeler & Co. and Schwabacher & Co.

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

STATEMENT OF CONDITION, DECEMBER 31, 1953

RESOURCES

Cash and Due from Banks

$1,478,274,159.68

U. S. Government Obligations

926,019,119.22

State, Municipal and Other Securities

622,572,603.70

Mortgages

43,116,763.62

Loans

2,393,667,410.71

Accrued Interest Receivable

13,285,043.52

Customers' Acceptance Liability

48,625,312.49

Banking Houses

31,896,175.35

Other Assets

4,105,076.97

$5,562,461,665.26

LIABILITIES

Deposits

$5,062,087,048.81

Foreign Borrowed Funds

7,338,533.87

Reserves—Taxes and Expenses.

33,494,043.77

Other Liabilities

27,641,719.15

Acceptances Outstanding

56,014,217.44

Less In Portfolio

6,435,279.29

Capital Funds:

Capital Stock

$111,000,000.00

(7,090 Shares@$15 Par)

Surplus

219,000,000.00

Undivided Profits

52,321,381.51

382,321,381.51

$5,562,461,665.26

United States Government and other securities carried at $198,310,200.00 were pledged to secure public and trust deposits and for other purposes as required by or permitted as law.
GRACE NATIONAL BANK of NEW YORK

HANOVER SQUARE, NEW YORK

Statement of Condition, December 31, 1953

RESOURCES

Cash in Vault and with Banks $ 79,984,817.94
Demand Loans to Borrowers, Secured $ 1,890,000.00
U. S. Government Securities 45,556,380.70
State, Municipal and other Public Securities 6,655,271.13
Loans and Discounts 42,094,491.25
Stock of Federal Reserve Bank 2,009,719.07
Customers' Liability for Acceptances 526,994.58
Accrued Interest and Other Assets $139,867,701.07

LIABILITIES

Capital Stock $ 4,000,000.00
Surplus 4,000,000.00
Undivided Profits 800,185.72 8,980,185.72
Deposits* 117,771,112.52
Certified and Cashier's Checks Outstanding 9,492,459.43
Accumulated Reserves 4,500,018.84
Less Own Acceptances in Portfolio 2,249,590.88 2,251,157.96
Reserve for Contingencies, Interest, Expense, etc. 1,572,525.64
Customers' Liability for Acceptances 526,994.58
Accrued Interest and Other Assets $139,867,701.07

*Includes U. S. Government Deposits aggregating $1,403,661.43

DIRECTORS

Hugh J. Codrington President, Provident Trust Co.

George E. Clark President, The Adams Express Company

Chester R. Dewey Trustee

David Dows

Robert E. Dywer Trustee

John C. Griswold Trustee

Clint Keefe Trustee, National City Trust Co.

D. C. Keefe Trustee, New York Central Railroad Co.

F. G. Kingsley Chairman of the Board, New York Central Railroad Co.

James C. Swan Trustee, Provident Trust Co.

Andrew B. Shea Trustee, First National Bank of America

William H. Stephens Trustee, First National Bank of America

Frank C. Walker Trustee, New York Central Railroad Co.

Eugene W. White Trustee, Provident Trust Co.

THE GRACE NATIONAL BANK has been identified with domestic and international banking and commerce for almost a century.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

The Commercial and Financial Chronicle . . . Thursday, January 7, 1954

Public Utility Securities

BY OWEN ELY

Detroit Edison Company

Detroit Edison Company serves electricity to an area of 7,527 square miles in southeastern Michigan, with an estimated population of 3,777,000. This includes the City of Detroit and its suburbs as well as extensive industrial and farm areas outside Detroit. Total revenues for the fiscal year ended June 30, 1953 amounted to $198,000,000, of which $115,000,000 or 58% were derived from electric sales. Total capital expenditures for the year were approximately $25,000,000. The company expects to spend about $31,000,000 in 1954.

These figures show that the company's financial condition is sound and its ability to make future dividend payments is highly probable. The common stock of the company has been stable during the past year, having traded in the $1.85-$2.00 range.

The company's earnings for the year ended June 30, 1953, amounted to 72 cents per share on 58,500,000 shares outstanding. This figure represents a decrease of 37% from the 1952 earnings of 1.16 dollars per share.

Earnings for the first nine months of this year amounted to about 70 cents per share, which is indicative of improving conditions. The dividend rate has been maintained at 72 cents per share.

For the year ending June 30, 1954, the company expects to report earnings of approximately 75 cents per share.

The stock of the company is actively traded on the New York Stock Exchange, and is listed on the American and National Stock Exchanges. The company has a market value of about $200,000,000, or approximately $3.30 per share.

The earnings and dividends of the company are highly dependable, and the stock is considered a sound investment. The company's financial position is sound, and its ability to make future dividend payments is highly probable.

The Ford Motor Company

The Ford Motor Company is the largest automobile manufacturer in the United States, with an estimated population of 4,000,000 in its home market area. The company's financial condition is sound, and its ability to make future dividend payments is highly probable.

The company's earnings for the year ended December 31, 1953, amounted to $190,000,000, or $3.10 per share on 60,000,000 shares outstanding. This figure represents a decrease of 30% from the 1952 earnings of $4.40 per share.

Earnings for the first nine months of this year amounted to about $130,000,000, which is indicative of improving conditions. The dividend rate has been maintained at $3.00 per share.

For the year ending December 31, 1954, the company expects to report earnings of approximately $150,000,000, or $2.50 per share.

The stock of the company is actively traded on the New York Stock Exchange, and is listed on the American and National Stock Exchanges. The company has a market value of about $2,000,000,000, or approximately $33 per share.

The earnings and dividends of the company are highly dependable, and the stock is considered a sound investment. The company's financial position is sound, and its ability to make future dividend payments is highly probable.
Continued from first page

As We See It

that matter, wish to be labeled protector. The fact remains, however, that there are a good many who wish to be free of controls and interferences, and permit no opportunity to get more to pass them by. All this is clear enough in the representations which have been filed with the Commission.

Broad Terms of Reference

Yet the terms of reference of the Randall Commission are so loose and vague as to give considerable latitude to those who deal more than tariffs. Many of these other issues are likewise either highly controversial or are so bedeviled with politics that the Commission will almost certainly find itself faced with extremely difficult problems in coming to any really significant conclusions or making any definite recommendations. In this world of ours today, tariffs frequently sink into relative insignificance in contrast to the multifarious restrictions and interferences which bear in an important degree either directly or indirectly upon the accessibility of foreign markets through- out the world.

We often wonder if misunderstanding, yes, even outright ignorance, is not a more formidable obstacle to the benefits of international trade than any tradition of protectionism or any desire on the part of American producers to prevent competition. The fact is, however, that it sometimes appears to us that the cause of greater freedom and greater rationality in international economic dealings suffers more from its friends than from those who frankly would retard the progress of the most desirable economic order of our time.

Such a statement will, doubtless, come as a surprise, perhaps as a shock to many "liberals" who probably regard themselves as "ardent advocates of free trade" and of the benefits of international programs. Yet it seems to us that the facts are not far from the view expressed. Take this term "convertibility"—a word to conjure with in this day and time. "Convertibility" in today's sense, no reference, of course, to gold or any other metallic standard. It is frequently employed with reference to pounds sterling—and in this case merely means freedom on the part of owners of balances in Britain to convert them into other currencies. It has now often come to mean the same thing for all important currencies of the world that, is, an abandonment of currency and exchange restrictions generally.

Such a freeing of these international relationships is desirable, so the reasoning goes, because it lays a basis, or helps to lay a basis for "multilateral" trade and investment operations. It would bring such a blessing, of course, to trade as to-day has no reference, of course, to gold or any other metallic standard. It is frequently employed with reference to pounds sterling—and in this case merely means freedom on the part of owners of balances in Britain to convert them into other currencies. It has now often come to mean the same thing for all important currencies of the world that is, an abandonment of currency and exchange restrictions generally.

Just a Dream

Such is the dream of many of the planners and the economic managers of the times—and it is obviously a pleasant dream. But how can it be made a reality if each or any of the important nations of the world insist upon managing their own economy upon a national basis in the interest of full employment, endless prosperity, and eternal rising prices at home, or engage in monetary manipulation and inflationary public finance with an eye single to domestic affairs? And who, even among the most visionary, would suggest that the world seriously embark upon the task of creating a central international organization to manage the economy of the world? It was upon this rock that the London Economic Conference of 1933 was wrecked, and this hazard to navigation still lies ahead of all those who wish to prevent international freedom along side of domestic economic control or manipulation.

What has been said above applies with equal force as regards the return of the United States and the rest of the world to the gold standard. The truth of the matter, and most unfortunately so, is that neither the people of this country nor the people of the United States as a whole are willing to undertake those things which are essential to the successful working of such a standard. The prevalence of this attitude apparently is due in large measure to lack of knowledge of the benefits that must ultimately accrue to all peoples through the mechanism of a convertible gold coin standard.

Many, if not most of those who are most actively engaged in promoting "convertibility" oppose any thought of a return to a gold standard, but are they not as reluctant to permit the flow of conditions making convertibility feasible as are they to the necessary conditions to return to gold? and are the necessary conditions very different?

American Stock Exch. Receives New Slate

John J. Mann, Board Chairman of the American Stock Exchange and a former page boy on that market, became the second ex¬ officio member to be so honored, by his nomination to his fourteenth con¬ secutive term as Chairman of the Trinity Stock Market for the ensuing year, ac¬ cording to an announcement by Edward T. McCormick, Ex¬ change President. The late Fred Moffett was also nominated and elected to four consecutive terms.

Mr. Mann, an exchange member and stock specialist since 1935, and a Governor since 1948, was Vice-Chairman in 1930 and served his first term as Chairman in 1951. He entered Wall Street as a page boy at the old New York Curb Market (American Stock Exchange predecessor) in 1923, and 1928, following receipt of a B.A. from St. John's College, Ford¬ ham University, he became one of the first specialist's clerks on the market's trading floor.

The slate, presented to exchange members for offices to be filled at the annual election on Feb. 8, names for three year terms as Class "A" members of the governing board: Joseph F. Heilby; James R. Dyer, Dates & Dyer; Mortimer F. Lafferty, R. F. Lafferty & Co.; and Samuel Weinstock & J. A. How¬ low & Co. Named for two year terms as Class "A" governors were: Robert Strain Hart Smith & Co. and Frank I. Wain, Joseph M. Simpkin & Co.

Nominated to three year terms as Class "B" members and for four consecutive terms were: Ha., L. A. Mathye & Co.; I. W. Burnham, II, Burn¬ ham, Co.; and Martin Boustiller.

Delafeld & Delafeld; and Harold A. hosewich, Co. & Co.
E. J. Muller and Austin K. Nef¬ tel were nominated to three year terms as trustees of the liability fund.

Frederick J. Roth is Chairman of the nominating committee which includes: Bernard Over¬ donk, L. A. Mathye & Co.; Joseph A. McGurty; James Gilligan, Gil¬ ligan, Will & Co.; Theodore A. Winter, William P. Hoffman & Co.; and John J. Miles, Jr., Admi¬ nistrator & Pm.

Twin City Bond Club Elects New Officers


Condensed Statement of Condition December 31, 1933

ASSETS

Cash on Hand and Due from Banks $175,683,800.66
United States Government Securities 235,485,672.09
State and Municipal Bonds and Notes 45,430,634.73
Stock of the Federal Reserve Bank and Other Bonds and Securities (including shares of Morgan Grenfell & Co. Limited and Morgan & Co., Incorporated) 1,650,000.00
Loans and Bills Purchased 9,219,376.91
Accrued Interest, Accounts Receivable, etc. 2,473,606.64
Banking House 3,000,000.00
Liabilities, Mortgage and Debentures of Credit and Acceptances 11,894,134.99
17 $200,192.29
17

LIABILITIES

Deposits, U.S. Government 24,854,445.29
All other 634,235,424.15
Official Checks Outstanding 28,363,111.15
Bills Payable 9,170,000.00
Accounts Payable, Reserve for Taxes, etc. 6,977,255.61
Acceptances Outstanding and Letters of Credit Issued 12,308,974.64
Capital — 250,000 Shares 25,000,000.00
Surplus 30,000,000.00
Undivided Profits $175,683,800.66
17

The United States Government securities carried at $77,511,073.34 in the consolidated account at December 31, 1933, include obligations of the Reconstruction Finance Corporation, and are mainly of high grade, and are held for temporary invest-ment purposes.

Member Federal Reserve System

Member Federal Deposit Insurance Corporation

MORGAN & CO. INCORPORATED

13, Place Vau-Douv, Paris, France

MORGAN GREENFELL & CO. LIMITED

25, Great Winchester Street, London E. C. 3, England

\[\text{gltized for FRASER} \]
The Public National Bank and Trust Company of New York

Main Office, 37 Broadway

CONSIDERED CONDITION OF CONDITION

December 31, 1953

RESOURCES

Cash and Due from Banks $153,737,409.99
U. S. Government Securities 91,222,015.29
State and Municipal Securities 28,466,237.82
Other Securities 3,559,517.92
Loans and Discounts 258,746,563.47
F. H. A. Insured Loans and Mortgages 3,226,397.96
Customers' Liability for Acceptances 3,127,478.21
Sold of the Federal Reserve Bank 901,590.00
Banking House 901,590.00
Accrued Interest Receivable 708,519.71
Other Assets 352,296.02

$465,341,186.26

LIABILITIES

Capital $13,234,375.00
Surplus 16,815,625.00
Retained Earnings 30,050,000.00
Unruided Profits 12,517,727.79 $42,587,729.79
Dividends Payable January 4: Regular 837,125.00
Extra 189,062.50 567,187.50
Earned Discount 1,975,772.71
Reserved for Interest, Taxes, Contingencies 6,177,340.44
Acceptances $4,246,162.15
Investment Portfolio 978,920.80 5,267,241.19
Other Liabilities 970,920,253.72

$465,341,186.26

United States Government Securities earned $15,811,465.29 are pledged to secure public and trust deposits, and for other purposes as required or permitted by law.

The Federal Reserve Bank of New York

FEDERAL RESERVE SYSTEM

25 Offices Located Throughout Greater New York

Problems of Annual Wage Guarantees

Ronnie insecurities of workers and employers have been extremely limited, especially so, in the postwar period. The main reason for this is the unprecedented growth in the number of workers who have been unionized. This growth has been accompanied by the establishment of a variety of unions and collective bargaining agreements that have provided workers with a degree of economic security that was previously unknown. This has led to an increase in the number of workers who are able to demand a minimum wage. This increase has been accompanied by an increase in the number of employers who are able to offer a minimum wage. This has led to an increase in the number of workers who are able to demand a minimum wage.

One of the most significant developments in this area has been the establishment of a national minimum wage by the U.S. government. This was first established in 1938 with the Fair Labor Standards Act. This law set a minimum wage of $0.25 per hour for all workers employed in industries engaged in commerce or the production of goods for commerce. This was the first time that a national minimum wage had been established.

The national minimum wage has been increased several times since its establishment in 1938. The most recent increase was in January 2021, when the minimum wage was increased to $15.00 per hour. This increase was the result of a series of legislative efforts to raise the minimum wage.

The establishment of a national minimum wage has had a number of important effects. First, it has provided workers with a degree of economic security that was previously unknown. This has led to an increase in the number of workers who are able to demand a minimum wage. This increase has been accompanied by an increase in the number of employers who are able to offer a minimum wage. This has led to an increase in the number of workers who are able to demand a minimum wage.

Second, it has led to an increase in the number of employers who are able to offer a minimum wage. This increase has been accompanied by an increase in the number of workers who are able to demand a minimum wage. This increase has been accompanied by an increase in the number of employers who are able to offer a minimum wage.

Finally, it has led to an increase in the number of workers who are able to demand a minimum wage. This increase has been accompanied by an increase in the number of employers who are able to offer a minimum wage. This increase has been accompanied by an increase in the number of workers who are able to demand a minimum wage.

The establishment of a national minimum wage has been accompanied by a number of other developments. First, it has led to an increase in the number of employers who are able to offer a minimum wage. This increase has been accompanied by an increase in the number of workers who are able to demand a minimum wage. This increase has been accompanied by an increase in the number of employers who are able to offer a minimum wage.

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The establishment of a national minimum wage has been accompanied by a number of other developments. First, it has led to an increase in the number of employers who are able to offer a minimum wage. This increase has been accompanied by an increase in the number of workers who are able to demand a minimum wage. This increase has been accompanied by an increase in the number of employers who are able to offer a minimum wage.

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Finally, it has led to an increase in the number of workers who are able to demand a minimum wage. This increase has been accompanied by an increase in the number of employers who are able to offer a minimum wage. This increase has been accompanied by an increase in the number of workers who are able to demand a minimum wage.
Governmentally administered doses of inflation or "reflation" in an effort to prevent or shorten the inevitable reaction may temporarily alleviate the symptoms but cannot be expected to cure the ailment. The longest and most disastrous depression in history was the one which government tried most strenuously to combat with inflationary injections.

From The Guaranty Survey
$61,005,000

State of New York
4%, 2½%, 2.60% and 1% Housing (Serial) Bonds

Dated January 15, 1954

Due $1,245,000 each January 15, as below

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
<th>Yield</th>
</tr>
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<tbody>
<tr>
<td>1956</td>
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<td>2½%</td>
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<tr>
<td>1979</td>
<td>2½%</td>
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<tr>
<td>1980</td>
<td>2½%</td>
<td>2.35%</td>
</tr>
<tr>
<td>1981</td>
<td>2½%</td>
<td>2.35%</td>
</tr>
</tbody>
</table>

Interest Exempt from present Federal and New York State Income Taxes
Legal Investment for Savings Banks and Trust Funds in New York and certain other States and for Savings Banks in Connecticut and Massachusetts
Acceptable to the State of New York as security for State deposits, to the Superintendent of Insurance to secure policy holders, and to the Super-
Principal and semi-annual interest (July 15 and January 15) payable in New York City at the Bank of the Manhattan Company. Coupon bonds in denomination of $1,000, exchangeable for bonds registered as to principal and interest in denominations of $1,000, $5,000, $10,000 and $50,000. Registered bonds may be converted into coupon form at the expense of the holder.

The above Bonds are offered when, as and if issued and received by us, and subject to prior sale and approval of legality by the Attorney General of the State of New York. It is expected that Interim Certificates will be delivered in the first instance pending preparation of Definitive Bonds.

The Chase National Bank
Green, Ellis & Anderson Wachovia Bank and Trust Company Goodbody & Co. Gregory & Son Hayden, Miller & Co. Schmidt, Poole, Roberts & Parke J. G. White & Company

Bank of the Manhattan Company

Securities Salesman's Corner

By JOHN DUTTON

Plan 1954 on Facts.

Successful sales organizations in other fields as well as in the retail securities business analyze markets before they make their larger efforts on a rational or international scale. They know what their sales problems are and they plan accordingly. They also know what the facts are and are capable of accomplishing and the proportions of advertising in different media that need be spent or cut back to bring about maximum acceptance of their product.

If you look upon your report and your own prospect list in the same light you can also analyze the results accomplished in 1953 so that your work in 1954 will be more productive. You can find out where you were WASK and where you were strong—and you can build up your weak points. This will bring better results in 1954 if you follow through on the plan you make.

Check Up on These Items

How many sales did you make in 1953? Count the actual sales, possibly you had too few sales, or too many, to justify your total gross. It may be due to the results, but it is just as possible to make too many sales, or many less than the norm, and your prospecting was too weak. You may have spent too much time on "getting to know" and no sales were made.

How much gross did you make in 1953? Count the gross sales and divide your total gross by the number of sales you made. This is the average of gross sales per sale.

How many customers bought more than once in 1953? Count these sales and divide the total by the number of sales. This gives you the percentage of repeat customers. You may have less repeat sales than you thought. If you add new sales, your percentage of repeat sales will have to go down.

How much of your total gross sales were cash sales? Divide the gross cash sales by the total gross sales. This is the percentage of cash sales to total gross sales.

How much of your gross sales were cash sales that were run in the bank? Divide the gross cash sales that were run in the bank by the total gross cash sales. This is the percentage of cash sales run in the bank to total gross cash sales.

How many sales were made by your best salesmen? Divide the total sales by the number of salesmen. This is the average of sales made by each salesman.

How many of your sales were made by your top salesmen? Add the total sales of your top salesmen and divide by the number of salesmen. This is the average of sales made by your top salesmen.

How many of your sales were made by your poorest salesmen? Add the total sales of your poorest salesmen and divide by the number of salesmen. This is the average of sales made by your poorest salesmen.

How much of your gross sales were made by your best salesmen? Divide the total gross sales of your best salesmen by the total gross sales. This is the percentage of gross sales made by your best salesmen.

How much of your gross sales were made by your poorest salesmen? Divide the total gross sales of your poorest salesmen by the total gross sales. This is the percentage of gross sales made by your poorest salesmen.

How many of your sales were made by your best salesmen to repeat customers? Divide the total sales of your best salesmen to repeat customers by the total sales of your best salesmen. This is the percentage of sales made by your best salesmen to repeat customers.

How much of your total gross sales were made by your top salesmen to repeat customers? Divide the total gross sales of your top salesmen to repeat customers by the total gross sales of your top salesmen. This is the percentage of gross sales made by your top salesmen to repeat customers.

How much of your total gross sales were made by your poorest salesmen to repeat customers? Divide the total gross sales of your poorest salesmen to repeat customers by the total gross sales of your poorest salesmen. This is the percentage of gross sales made by your poorest salesmen to repeat customers.

How much of your total gross sales were made by your best salesmen to new customers? Divide the total sales of your best salesmen to new customers by the total sales of your best salesmen. This is the percentage of sales made by your best salesmen to new customers.

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1938, a year in which general business was suffering from a severe recession, the earnings of Baltimore & Ohio in June 1938 were 15% higher than in May and in July of that year exceeded $500,000 even though contraction in business volume was reported to be running at 40 day steel strike was equal to that reported by the B&O in May of the same period. The diligent application of budgetary controls has been buttressed by the external fluctuations of railroad revenue which cannot long be ignored by insti-
tutional investors. As a result, the railroad managements have long been preoccupied with the question of rail-
road contingencies, and the B&O has been among the leaders in effecting savings through the elimination of unnecessary expenditures. This is somewhat less than our own projections of a 24% de-
crease in the higher of our two budgetary controls, but we have all expressed confidence that these earnings of the Board's new railroad would hold up relatively well in 1938.

So despite admittedly numerous near-term adverse factors, we would not conclude this address on a pessimistic note, especially because the railroad industry is still entitled to be considered as one of the other industries which so many other industries would be better off if they followed the example of the B&O in controlling expenditures and improving the efficiency of their operations. We have every reason to believe that a large group of investors must be found. Pen-
sion funds, life insurance companies, savings banks, mutual funds, and all of these other liberal sources of investment funds, life insurance companies, savings banks, mutual funds, all of these sources liberalize their investment policies. In fact, these institutions can find no other area of investment where yields are so liberal as in the railroad portion of the securities markets. Accordingly, until these institutional investors enter the market on a reasonably large scale it may well be that the best one may expect over the near-term, marketwise, is that railroad equities will be spaced out and the selling waves will be en-
gulfed as the result of both the 1938 and the 1941 seasons. A considerable number of railroad equities will be relatively undervalued, and the returns to both railroad equities and real estate may still be relatively undervalued.

At the same time, however, I am mindful that the continuation of the dynamic and upward trend in railroad equities is dependent upon the continued and efficient operation of the B&O. Accordingly, it is essential that the railroad management maintain the efficiency of its operations and take advantage of the market opportunities which may arise.

STATEMENT OF CONDITION, DECEMBER 31, 1953

ASSETS

Cash and Due from Banks .......................... $ 395,600,967
U. S. Government Securities ....................... 373,250,563
U. S. Government Insured

F.H.A. Mortgages .................................. 31,753,358
Other Securities .................................. 28,830,717
Stock in Federal Reserve Bank ..................... 3,150,000
Loans and Discounts ............................... 607,671,482
First Mortgages on Real Estate .................... 4,603,125
Banking Houses .................................... 14,674,542
Customers' Liability for Acceptances Outstanding .... 22,957,260
Other Assets ....................................... 4,951,733

$1,487,396,547

LIABILITIES

Capital Stock($5,000,000 shares—$10 par) ....... $ 50,000,000
Surplus ............................................ 55,000,000
Undivided Profits .................................. 17,513,424
Total Capital Accounts ............................ 122,513,424
Deposits for Taxes and other expenses .......... 1,323,846,572
Dividend Payable January 2, 1954 ................ 2,000,000
Acceptances: Less Amount in portfolio ......... 24,269,704
Other Liabilities ................................... 6,630,417

$1,487,396,547

William N. Enstrom
Chairman of the Board

Richard H. West
President

Henry E. Ward
Secretary

Henry P. Bristol
Treasurer

Philip F. Gray
Assistant Secretary

L. J. Harvey, Jr.
Controller

Herbert H. Hinske
Assistant Controller

John C. Taylor
Assistant Treasurer

Hiram A. Mathews
Assistant Secretary

Dorothy A. Mitchell
Assistant Secretary

Robert W. Moore
Assistant Secretary

Michael A. Morrissey
Assistant Secretary

Peter S. Paine
Assistant Secretary

Roy A. Petersen
Assistant Secretary

J. Whitney Peterson
Assistant Secretary

Jacob L. Reiss
Assistant Secretary

Herbert E. Smith
Assistant Secretary

William J. Wardell
Assistant Secretary

Francis L. Whitmarsh
Assistant Secretary

Eugene H. Leggett
Assistant Secretary

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION
Bank and Insurance Stocks

By H. E. JOHNSON

This Week—Bank Stocks

Initial reports on 1933 earnings of banks throughout the country are reaching the press. In most instances operating profits reached new highs, with the earnings considerably above the levels of recent years.

Not all of the major institutions have published operating reports up to the present time. Others have, however, announced earnings contributed to this improvement was a sharp increase in interest on loans. This was the result of a combination of increased volume and an increase in the rate of return earned from savings and investments.

Income from security holdings was well maintained in most banks. In some cases higher, even though the total of such investments averaged lower for the year. Once again this was primarily the result of the drop in the price of government securities obtainable during the year. Also a number of banks reported sizable gains in income from trust and service functions.

In spite of the gain, however, earnings before taxes were substantially increased. Wages and salaries required larger payments and increased costs, and business also helped account for the larger expense.

For those institutions where "conditions" statements have been published, the trend toward increased earnings has generally been favorable. For those institutions where "conditions" statements have been published, the trend toward increased earnings has generally been favorable.

J. E. Jardine With Staits for 50 Years

SAN FRANCISCO, Calif.—John Earle Jardine, California investment man, is celebrating his 50th year with William M. Stait, a partner in the firm. During his 50 years in business he has been close identified with the tremendous financial growth of California and many of its largest industrial, public utility, and real estate enterprises.

He was born Dec. 7, 1871 in New York City and there received his education and early business training.

A visit to California in 1892 impressed him with the growth and progress that was occurring. In 1893 he married Mary C. Peck, daughter of a pioneer California family, and settled in Los Angeles. Jardine was associated with Earl Jardine, Jr., Douglas Jardine, a son of his first marriage, and the late Mrs. Andrew J. P. Clarke.

His business activities in Pasadena commenced with the Pasadena Orange Growers Association, of which he was President and served throughout.

In 1904 Mr. Jardine became associated with J. E. Jardine & Co., in Pasadena and the following year was elected a Vice-President, and director of Wiliam R. Stait A. Co. The same year he became a member of the Board of Governors of the New York Stock Exchange. He later served for 17 years on the Board of Directors of the Bank of America, and President in 1926, in which capacity he governed the affairs of the institution.

In 1926, Mr. Jardine opened the California Trust of Los Angeles, with offices at 515 Spring St., Los Angeles, and in 1929, he organized the Western Trust Co. at 351 South Main St., which was then the heart of the commercial district in that city. He was elected President of the firm in 1939, when Charles McFadden retired. Mr. Stait to retire from active business. In 1921 the firm moved into its present location, 660 South Spring Street.

Mr. Jardine is the present President of the Board of Directors and Chairman of the Executive Committee. He was born Oct. 15, 1915, in Kentucky, and educated at the University of Cincinnati, later attended Harvard University. He is a member of the firm of Stait, Stait & Co., a partner in the business of the bank.

Mr. Jardine was elected to the Board of Governors of the Investment Bankers Association of America in 1918. He served 12 years on the Board of Governors of the Bank of America from 1926 to 1933.

Mr. Jardine is prominently identified with the banking and business interests of California. He is a member of the Board of Directors of the California State Bankers Association. He is a director of the Pacific Union Oil Company and the First National Bank of Los Angeles, other banks and insurance companies. He has received a great many honors, including the honorary degree of Dr. of Laws from the University of Southern California.

Mr. Jardine has been associated with Mr. Stait for 50 years, first at the California Trust Company, and then at Stait, Stait & Co. Mr. Stait has been in business in Los Angeles since 1879. He has been active in civic affairs and is a director of the Los Angeles Chamber of Commerce.

Operations, expenses, and earnings of the bank, as reported in the statement, show that the bank maintained its position as one of the strongest and most profitable banks in the country.

The bank's balance sheet shows a marked increase in assets, with a corresponding increase in capital and surplus. The bank's earnings were well maintained, and the bank's earnings were well maintained, and the bank's earnings were well maintained.

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The plausibility of this plea is two-fold:

1. If the imports due to labor costs might completely close our producing activities in some one particular line, we can certainly remove "Static."  
2. The present argument does not replace "Static" by "Dynamique" in a case of such a magnitude of increase in the demand for our entire domestic consuming group for the benefit of some one or more of our interests. This is certainly not economic nonsense, but is economic behavior.

The last sentence needs one qualification, which would not be necessary if we lived in a war-free state.

We must not, through imports of the necessary apparel for our manufacturing facilities, skills, etc., know how, to a decrease to a point which would be potentially injurious to a state of war.

In thinking the profit through, we should be rather flexible.

The present argument is not a going as well, and not too badly, with relative tolerance of "Static" and many other "essentials."

It is, if we might be so flooded with foreign goods, that we would come to a near economic standpoint and wire out all our gold.

The ideal is to reach approxima-
tion equality between exports and imports for maximum eco-

nomic benefit (in the greater volume of the one, the entire concern.

We have a long way to go in increasing this ratio to such approximate equality.

The current "Pleas for Free Trade" proposal needs much more un-

impassioned attention than it has received to date, particularly to Congressional circles.

David Ricardo, the Economist demonstrated more than a century ago that any two separate eco-

nomics could mutually benefit and also have a higher standard of living as a result of foreign bar-

rable goods.

This principle is precisely the same as if the following fairy tale was permitted to us.

As permitted to the figures are exaggerated to be products of proportion.

Instead in our industries, we have two individuals: Tom and Dick. Tom is a manufacturer of many multitudinous products used by man, and Dick is a manufacturer of carpentry work and building contract work, so as to clearly the fundamental principle that we are.

Tom and Dick are auctioned to build a house, a house to go at the same time in a carpentry and bricklaying.

They are just equal to each other in doing carpentry work, but Tom's output in bricklaying is phenomenal, not that of Dick's.

Tom's idea is to build a house for use. The constructions are identical, thereby producing eco-

nomic of cooperation. They esti-

mate that each house needs 400 hours of carpentry and 400 hours of bricklaying effort in the case of Tom and 900 hours of carpentry work and 900 hours of bricklaying job with only 200 hours of work.

If Tom builds his own house, Tom will spend 600 hours and Dick will spend 900 hours of work.

Now suppose that Tom does the entire bricklaying job of both houses, but 100 hours only of his work would be necessary. In the case of Tom, he will have spent 400 hours in labor instead of 400 hours.

Further, suppose that Dick does his entire carpentry work, plus 300 hours of additional bricklaying work. Then Dick will have put in 700 hours of work only instead of 900.

They have each saved 100 labor hours.

That is the napped principle which makes for everyone's mutual benefit in foreign trade.

The more we, as a nation, make use of this principle, the earlier we use 700 more hours of work or a higher standard of living with the present work.

The necessary monetary mech-

anism to use of the actual operation complexities, and leads plausibility to many further chapters. There are a lot of individuals who are pre- disposed with the notion that the major guided protection of group in-

terest, as a detriment to the standard of living of the entire nation.

A Plea for Free Trade

This is not a plea for free trade, but it is a plea for free trade.

Free trade completely would be the pleasure of all free traders. But the principles involved are the same in our consuming group under the following purely imaginary but simpler circumstances.

Our technological improve-

ments are, on the whole, rela-
tively steady year by year. Each improvement gives rise to small growing gains, but it is beneficial in the end, and we are continually going through these operations.

To prove our license, suppose our technological improvements continued in the future as in the past, but by government fiat they were put out on the shelf and not admitted into operation until the year 1843. Also assume, for the sake of a thought pattern, that that does not deter the continuous development of labor saving devices for future benefit. Granted, this is quite an assump-

tion, more simply.

A growing force is composed of a great number of groups of different skills and abilities, varying greatly in type and size, and these are continuously changing through the years. The new pattern required in 1843 would be the attainment of 10, yet the normal changes.

If, if these changes had a gra-

dual change in the types and skills of these many groups during a 10-

year, the work of the necessary change were attempted to be compressed into a year 1843, a major eco-

nomic distribution would result. There would be a great excess of skills and a still larger in many groups, which would result in disemployment. On the other hand, there would be corresponding situations in the other groups of other skills and abilities. Training to bring a balance in this situation would require several years. This change in distribution of skills and the readjustment thereof takes place relatively smoothly in our economic evolution.

The mere concept of such an interference with internal opera-

tions of the economic institutions seems completely foolish to think about. But this same situation would be just as bad if, by government fiat, all existing international interchange of goods and services were restricted at one swoop.

For instance, all the global, manufacturing, station equipment, which is not necessarily a manufacturing operation could possibly be purchased more economically from the more enter-

prising and more productive of the economic.

Similarly, our own domes-
tic hotels and kitchen appliance industries could very poorly monopolize the market in all other countries and all other facilities for that activity would come to a standstill with resulting excesses and shortages of skills called for.

Our economic health, both here and abroad, is based on a con-

stant supply of goods near full employment. On this basis, the

BANKERS TRUST COMPANY
NEW YORK

CONCEIVED STATEMENT OF CONDITION, DECEMBER 31, 1913

LIABILITIES

Capitál ($10 par value) $ 30,512,000.00
Surplus $ 10,000,000.00
Undistributed Profits 44,255,260.65 $179,765,260.65
Dividends Payable January 15, 1914 1,678,160.00
Deposits 1,007,575,091.08
Reserve for Taxes, Accrued Expenses, etc. 15,721,230.10
Acceptances Outstanding 29,860,585.05
Less Amount in Portfolio 2,938,385.34 26,022,195.71
Other Liabilities 2,255,547.10 $2,123,918,388.62

ASSETS

Cash and Due from Banks $ 552,301,786.68
U. S. Government Securities 505,180,024.57
Loans 987,808,042.68
State and Municipal Securities 460,032,646.16
Other Securities and Investments 16,011,223.29
Banking Premises 14,182,290.93
Accrued Interest and Accounts Receivable 7,035,917.67
Customers' Liability on Acceptances 25,558,556.64 $2,123,918,388.62

In the above statement are taken in accordance with the method described in the notes. The above statement for the year ending December 31, 1913, having been subject to no deposits to secure deposits, including $17,510,230 of United States Government deposits, and no other deposits.
Cooper Trustee of Mass. Investors Trust

Massachusetts Investors Trust announces the appointment of John L. Cooper as a trustee to fill the vacancy caused by the retirement of Merill Griswold. Mr. Griswold is maintaining his association with the Trust as Chairman of its Advisory Board. The trustees are the operating managers of the company.

Mr. Cooper joined Massachusetts Investors Trust in 1927 as a member of its research staff after previous experience in investment research work with the Bankers Trust Company in New York City. A native of Pittsburgh, Pa., he graduated from Yale University in 1930 and is a member of the Advanced Management Program of the Harvard Graduate School of Business Administration.

John L. Cooper

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

Despite the sharp rise which took place in prices of government securities near the end of the year, the much desired backing and filling which had been witnessed here and there in recent months has not been maintained in character, there is a very constructive attitude concerning the future trend of quotations of Treas¬ ury bonds. For the most part, the market has been concerned with the trend of business downward, there will be further ease in the national rate of business activity. If employment is generally lower, the prospect of lower interest rates will be stronger.

The long-term government bonds that are still selling at a discount of 15 to 20 basis points strong hands, with some of these being bid away from because of their vulnerability in coming refundings.

Money Market in 1954

According to money market specialists the course of the government market in 1954 will be determined in all small measure by the trend of business conditions in the country. It seems as though a large number of economists are of the opinion that some kind of a trend is in business in the making, with considerable disagreement as to how great or how little it might be. Statistical data is showing that a very modest decline is taking place in the national rate of business activity. It is evident that the general condition of the boom conditions which are being reported by certain key industries, together with predic¬ tions such as "the Dow-Jones Industrial Average" for the United States 1954, most certainly heralds the end of the "inflationary era" which has plagued the monetary authorities.

Lower Interest Rates Expected

While the inflation threat is not as evident as it certainly looks as though the inflation threat is not as evident as it once was, there must be a definite change in attitude as far as the Administration is concerned and more especially so far as the belief is given as a sign of the monetary policy of the nation and in particular the trend of interest rates. The general indications are that the money markets will be used to modify the trend of eco¬ nomic conditions if and when it should become necessary to take such action. To be sure it is considered possible that the general condition of the money markets will not change if interest rates are sufficient to have an influence upon economic conditions as a whole. Nonetheless, it is very evident that the situation is a dangerous one and there is a definite need for change in direction of interest rates.

In the best available sources it is predicted that the course of the money market will be downward. The extent of the decline is the debatable point, it is not possible for the powers that be to take action or to state anything about the decline might be. Therefore, it is the opinion of many money market specialists that easier money conditions are to be expected in the not too distant future in order to set in motion forces that might have an offset effect upon those that are responsible for the down¬ trend in business.

Change in Reserve Requirements Likely

The first major development that is looked for by certain money market specialists is a change in reserve requirements. There are a number of arguments that would be in money market interests in the money market ahead of this one. There could be a lowering of the prime rate at a time when there have been rather heavy borrowings of time to time about when and why it would be pushed off its high perch. In addition, the rediscount rate might be lowered or may be lowered against the notion that there is a chance in the money market that a change in reserve requirements of the Federal Reserve System. If so the market is expected to continue to be a stabilizing force as far as the money markets are concerned, with Federal most likely to supply needed securities to those that must have them for investment purposes.

Heavy Refunding Schedule

In the not very distant future the Treasury must be looking at the refinancing of maturities and the year 1954 starts off with two rather sizable ones, with the Feb. 15, 2½% amounting to $8,114, 000 and the March 15, 3½% totaling $4,075,000. There has been some talk that these two maturities, aggregating nearly $13 billion, would be taken care of in a single operation. No matter how they are handled, and they will be handled successfully, a favorably disposed market which is indicated is a very helpful tool in any refunding operation.

E. C. Heeseler With

White, Weld & Co.

White, Weld & Co., 40 Wall Street, New York City, members of the New York Stock Exchange, announce that they have suc¬ ceeded in refinancing their lease on Middendorf & Co. Inc., Balti¬ more, and that they will continue the operation of their State Street office in Boston.

Middendorf has been several years been with Moody's Invest¬ ment Service, a New York organization which he was associated with C. J. Devine & Co. He served in the Army Air Force during World War II.

C. Marvin E. Wood, Struthers Co.

Wood, Struthers Co., 20 Pine Street, New York City, members of the New York Stock Exchange, announce that they have suc¬ ceeded in refinancing their lease on Middendorf & Co. Inc., Balti¬ more, and that they will continue the operation of their State Street office in Boston.

Struthers Co. is a New York organization which he was associated with. He served in the Army Air Force during World War II.

speculative growth companies should be retained but in the main, liquidity should be stressed in special circumstances. I have been the opinion of the profes¬ sional money market what is not worth selling is not worth buying. This continues to be the case. Mr. Cooper has been the opinion that the market has moved too far in the wrong direction and not far enough in the right direction.

The Technical Approach to Long-Term Action

As a financial market technician, most of my work has been concerned with the use of the "Technical Approach" to market action. Lay¬ ers of unformed opinion believes that the trend of a market, and specifically associated with the monetary policy of the nation and in particular the trend of interest rates, is a sign of the general economic conditions. If and when it should become necessary to take such action. To be sure it is considered possible that the general condition of the money markets will not change if interest rates are sufficient to have an influence upon economic conditions as a whole. Nonetheless, it is very evident that the situation is a dangerous one and there is a definite need for change in direction of interest rates.

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Mr. Walter R. Wulbern is widely known in financial circles. He was formerly with the New England Investment Company, Boston, and is now associated with the Wulbern-Walden Company, New York, where he has been active in the field of municipal bonds.

The Wulbern-Walden Company has been active in the field of municipal bonds for many years, and has developed a reputation for sound judgment in the selection of municipal bonds. The company has been associated with a number of large financial institutions, and has been instrumental in the development of many successful municipal bond issues.

The company has been particularly active in the field of educational institutions, and has developed a reputation for being able to secure advantageous terms for its clients. The company has been particularly active in the field of educational institutions, and has developed a reputation for being able to secure advantageous terms for its clients. The company has been associated with a number of large financial institutions, and has been instrumental in the development of many successful municipal bond issues.

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Slipping Economic Regions
And North-South Competition

and mining account for but 9% of the national income. Here competition and a sort of adaptability are determined largely by location of the existing industries and the source of the raw materials in the region.  

Cottc> construction (5%), wholesale and retail trade (17%) serves as a convenient form of capital investment and real estate (9%), transportation (12%), public utilities (3%), government and social insurance (10%).—these all have elements of regional competition but, to a considerable extent, they are necessarily localized. An estimate of the approximate 40 items included in the employment listed in this paragraph and accounting for 60% of all the income suggests that only about 16% of all income and corresponding employment included are largely subject to interregional competition—e.g., the retail trade, public utilities, transportation, telephone services, insurance, banks, railroads, private school, local housing, loans, and a large part of Federal Government, the location of activities for the most part are determined by the present distribution of population and income. Where population and income are redistributed, the location of the activities is not, but the determinations, do not change. Whether the location of manufacturing trade and of insurance are services of examples subject to interregional competition.

Here is a listing of various employment sectors and the percentage changes in the number of workers in seven regions in the percentage of output for each employment in 1949 as a percentage of the region's income and wages received by the region's population. (and the proportion to the sources of the raw materials required.) The last group would especially be subject to pressures for any adjustments in their location or in the employment. The employment list first is the one with the greatest range of changes. All three are the regions with the lowest income and has little play for interregional competition.

example, in 1951, the distribution of manufacturing employment was as follows:

(1) Seven industries with location heavy in the movement to raw materials (to and from some regions) account for about 30% of the income after taxes, and 24% of the national income.  

(2) Seven industries and the 7.9% (and so the 7.9% of the region's income and wages received by the region's population. (and the proportion to the sources of the raw materials required.) The last group would especially be subject to pressures for any adjustments in their location or in the employment. The employment list first is the one with the greatest range of changes. All three are the regions with the lowest income and has little play for interregional competition.

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pita income is mainly the result of the vast in-migration. From 1940 to 1950, migration to the South by non-Hispanic whites averaged 4% for New England, 1% for the Middle Atlantic, 1% for the West North Central—10; West South Central—14; East North Central—19; West South Central—20; East South Central—29; West South Central—32; Mountain States—34. This 1950 distribution is almost the same as that of 1940, but the relative magnitudes of the four South regions suggest both the effects of the large in-migration and increases in population in the South, the continuation of low in-migration into the North Central regions and the persistence of in-coherent migration patterns treated by industrialization or migration.

Relative movement of incomes are the result of numerous developments. Regions with industries that tend to grow gain more than those that do not, and vice versa, and this will rise more. For example, I have listed in Table 4 (a) the proportion of the national manufacturing employment in three soft and rather weak manufacturing industries, textile, apparel and leather and products of leather (with each relatively strong industries, and notably in prosperous times and in international economy (chemicals and allied, rubber products, primary metal industries, fabricating, and machinery (both electrical and other), transportation equipment, and instruments and related). According to the last Census (1947), the proportion of employment in the three weak to the eight strong industries was as follows: New England 32, Middle Atlantic—30, East North Central—19; West North Central—20; East South Central—29; West South Central—32; Mountain States—34. This 1950 distribution is almost the same as that of 1940, but the relative magnitudes of the four South regions suggest both the effects of the large in-migration and increases in population in the South, the continuation of low in-migration into the North Central regions and the persistence of in-coherent migration patterns treated by industrialization or migration.

In an examination of these figures, the Census authors which the eight industries are strong and growing, the Northeast Central group is seen highly. The position of the South would be the most affected. But in this region it is possible in the South region continues to gain is explained by the fact that the South will compete relatively with the industries losing employment by the growth in the South and the proportion of the national manufacturing industries in the country.

In an interesting study, Professor Hanna showed that the industry mix production by all South Atlantic states down in the national average by 1%, and her wage rates depress them by 4%. But in the Southeast and Middle Atlantic these variables pull wages up.

Over the years 1890 to 1951, the three “weak” industries have lost ground relatively speaking:

Table: Textiles, apparel and shoes, primary metal and leather (5 major industries)

<table>
<thead>
<tr>
<th>% of Employment</th>
<th>1940</th>
<th>1947</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles, apparel and shoes</td>
<td>28.6</td>
<td>24.1</td>
</tr>
<tr>
<td>Chemicals, petroleum and rubber</td>
<td>11.4</td>
<td>8.6</td>
</tr>
<tr>
<td>Primary metal and leather</td>
<td>9.6</td>
<td>6.7</td>
</tr>
<tr>
<td>Metals, machinery, etc.</td>
<td>24.0</td>
<td>31.1</td>
</tr>
</tbody>
</table>


In order to assess the situation, it is necessary to take account not only of the employment and the industries at present but the changes over recent years.

Thus, of the percentage of the nation’s factories which produced the largest relative losses between the two Censuses, 1939 to 1947 were New England, 32, Middle Atlantic, 10; East North Central and the Southeast (4); the South Atlantic, the South Central and the West South Central (24) and the Far West 19. It is interesting to see that in these years the South lost employment and relatively in all manufacturing. For example, in 1947 the South Atlantic share of the nation’s factory em- ployment was 1% and the largest of the seven Regions: the Middle Atlantic States by 4%, and East North Central by 1%; but in the South Atlantic States by the West South Central 9% and the Pacific States 18%.

What is also interesting is that in the years 1939-47 textile losses in New England and New York were relatively equal percentage to all losses (a percentage of U. S. total); and in rubber and instruments, the New England losses were relatively larger than in textiles but not textile. That from 1947 to 1951, New England’s percentage of all factory employment declined by 7%, and of textiles by 1%. In the East the large losses from 1939 to 1947 were in paper, home, clothing and in primary metals (11); in textiles, only 2%. Also most significant was the fact that the decline in 1947 in textile employment (4.3% of U. S. total) was 10% in transportation apparatus and apparel, each 25; but in petroleum refining, 28, paper and leather and leather products, each 20. The Southern advanced on the South Atlantic States, and the number of jobs lost in 1947 was 42% of the national total. In 1950, textile employment (9.6% of U. S. total) was 10% in transportation devices and apparel, each 25; but in petroleum refining, 28, paper and leather and leather products, each 20.

In the Middle Atlantic States, the largest losses were in tobacco (39% of U. S. total) and leather goods (24), food (14), and apparel (10). The gains were in non-electrical machinery (63), electrical machinery (62), and in transportation equipment (25).

This is the general pattern of the industry mix, the major industries growing relatively in the national pattern, but not as a dominant in the region. Even in the South Atlantic States, textiles declined as a percentage of factory employment by 15%, leather by 25%. Large relative gains were registered in machinery and transportation equipment. But gains were also large in industries dependent on raw materials—lumber, paper, chemicals, stone, glass, etc.

Another indication of the chang-

- 19 Regional Trends, p. 64.
- 20 If calculated from Regional Trends, p. 116.
Slipping Economic Regions
And North-South Competition

Gross wages and salaries plus net income of 1949

<table>
<thead>
<tr>
<th>Percentage Points, 1929 to 1949</th>
<th>Gross wages and salaries plus net income of 1949</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>New England</td>
</tr>
<tr>
<td>-5.86</td>
<td>-5.65</td>
</tr>
</tbody>
</table>

United States: 100.0 New England: 118.3 Middle Atlantic: 131.1 South Central: 137.5 South East: 143.7 South West: 153.3 Far West: 163.4

Agriculture in New England

-5.86

In contrast, the Middle Atlantic regions, which were less affected by the depression, experienced a greater increase in real wages.

The South Central region, which was the least depressed, saw a smaller increase in real wages.

The South East region, which was the most depressed, saw the largest decrease in real wages.

The South West region, which was the second most depressed, saw the second largest decrease in real wages.

The Far West region, which was the least depressed, saw the smallest decrease in real wages.

Government and miscellaneous employees, mining, and trade unions usually gain at the expense of non-manufacturing industries.

The decrease in real wages was particularly pronounced in the South Central region, where the manufacturing sector was most severely depressed.

The South East region, which was the most depressed, saw the largest decrease in real wages.

The South West region, which was the second most depressed, saw the second largest decrease in real wages.

The Far West region, which was the least depressed, saw the smallest decrease in real wages.

Government and unions alone are not responsible for the high costs of adjustments to less favored regions.

The movement of labor and capital into the South and West is slow, and in part because capital goods are needed in the depressed towns or regions. The most important is that the economic changes in these "declining" regions tend to lose ground relatively.

Economic changes in the last 20 years have been accompanied by policies that have accentuated rather than reversed these trends.

In the last 20 years, the South and West have been subject to policies that have accentuated rather than reversed the economic changes in these "declining" regions.

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In the last 20 years, the South and West have been subject to policies that have accentuated rather than reversed the economic changes in these "declining" regions.
for this area," Mr. Zilka stated. "We have established direct wire service facilities in 310 cities throughout the United States and Canada. Our present research department will be continued, with improvements, estate planning, and mutual funds, as part of our service to clients."

The Portland offices of Zilka, Smith and Company, Inc., comprise the entire eighth floor of the Woodstock Building, 313 W. Alder Street. Principals here in addition to Zilka, Smith, Greene and Geist are Fred Lothrop, Sr., Manager research department; F. A. Koetterman, Manager trading department; Derelle Swails, assistant trading department; H. D. Christianson, Cashier; James H. Zilka, Sales Manager; Maurice DeLong, Arthur S. Olsen, John F. Moffett, Walter F. Coaz, Joseph F. Barbagelata, C. Gordon Childs, John David Zilka, Edward L. Hasen and Frank E. Johnson.

Salem offices are located at 206 Oregon Building with Arthur W. Smither, First Vice-President; Harold F. Smith, Assistant Secretary; Ralph A. Smithner and Henry A. Willickke as principals. Eugene office is in the Panama Building with Jack Danby, Manager; Richard Langton and Bruce Bales as associates. Medford offices are located in the First National Bank Building with Richard E. Watson as Manager. Vancouver, Wash., offices are at 1155 Washington Street with Fred A. Lothrop, Jr., as representative. George C. Gladden represents the company in White Salmon, Wash.

Zingraf Partner in Laurence Marks Co.

J. A. Overton Forms Own Investment Co.

CLEVELAND, Ohio—Joseph A. Overton is forming J. A. Overton & Co., a new office of the National City Bank Building, to conduct a general investment business specializing in state, municipal and public revenue bonds. The new firm will succeed to the municipal bond business of T. H. Jones & Company, which is withdrawing from the municipal bond business.

Elected Directors
Joseph Scribner and H. R. Hoisch have been elected Directors of Continental Transportation Lines, Inc., a common motor carrier with headquarters in Pittsburgh, Pa., operating 12 terminals in the New York—New Jersey-Pennsylvania—Ohio area of the United States.

Mr. Scribner is a partner in the investment banking firm of Singer, Dean & Scribner of Pittsburgh, and Mr. Hoisch is President of Potter Bank & Trust Co. of the same city.

Corn Exchange Bank
Trust Company

NEW YORK

established 1853

Left to right: Leo J. Goldwater, Charles Rose, Mortimer J. Garman, Daniel Cowin.

The formation of the securities firm of Garman, Rose & Co., members of the New York Stock Exchange, with offices at 1 Wall Street, New York City, was announced Jan. 30. The principals in the new firm are Mortimer J. Garman, Charles Rose, Leo J. Goldwater and Daniel Cowin. Margaret L. Watson is a limited partner. Messrs. Rose, Cowin and Goldwater retired from Hettlemann & Co. as of Dec. 31.

Mr. Garman, who is a general partner in the new firm, was for many years associated with Josephthal & Co. and has been a member of the New York Stock Exchange for 25 years.

Mr. Rose was Manager of the securities department of Hillson & Newburger from 1927-1933, when he joined Wertheim & Co. as a customer. In 1935 he began in the New York Stock Exchange in the capacity of Associate Manager of Emanuel & Co.'s investment department, and joined Hettlemann & Co. as of Dec. 31.

Mr. Cowin, who is a general partner in the new firm, was for many years associated with Josephthal & Co. and has been a member of the New York Stock Exchange for 25 years.

J. A. Overton is forming J. A. Overton & Co., a new office of the National City Bank Building, to conduct a general investment business specializing in state, municipal and public revenue bonds. The new firm is projected to succeed to the municipal bond business of T. H. Jones & Company, which is withdrawing from the municipal bond business.

The Corn Exchange Safe Deposit Company operates vaults in 60 of the 78 branches located throughout the City of New York.
The Confused Conceptions Of The Guaranteed Wage

Initiation was spelled out by many hundreds of words. Obviously, the slow rate of expansion of the protected areas was disappointing showing for 50 years in the past. Frankly disappointing was it, since Latimer's 92 (December 17, 1933) of the Wage and Hour Law of 1919, and a special provision [Sec. (20)<br/>Social Security Act of 1935—both designed to provide adequate wage plans—were ultimately ineffective. Federal provisions in the laws of seven States proved similarly unproductive.

Furthermore, Latimer reported the administrative and economic status of 62 establishments from 1937 to 1941—a period of general expansion. Experience showed that the deep depression in 1937-38—inclining attrition, extended lay-offs, rubber, meat packing and other foods, services and others. Where the traditional guaranteed annual wage was practically it wasn't much worth the paper it was printed on. Where it was greatest, it was wholly ineffective. Latimer found that instability varied widely. The outlays for a few weeks of not paying the guaranteed payment involved the durable and heavy goods inductors worked large pieces of protective legislation. In 1938 for several substantial plans the costs would have more than doubled. In a single Orion or steel establishment the differential profit was 222% of the payroll. In other unprofitable cases, costs of non-payment had run from 100 to nearly 200%.

Again, this was disappointing. It showed that these efforts were largely rigidly limited private guarantors were very little protected from dispositions to unemployment compensation, but the name "guaranteed wage" was in this case more a statistical device than a practical basis. The limitations and restrictions were deceptions that did not correspond to the supplements palatable to employers.

Our recent study included data on fluctuations of production wages over the years in the present situation (available) in the two prosperous years in the last 10 years for a small sample of agricultural machinery companies (along with other indices the median company suffered a decrease in production index of 56%). This was a 10% decrease, which is abnormally high.

Why the disappointing findings of Latimer did not make a greater impression on those concerned with the guaranteed wage in the seven years after publication of this study remains a mystery. Perhaps the argument was largely ignored because of the subsequent phase of the depression. Perhaps this phase is to the untestable condition of contrasted to the comparable economy, organically, obscure, ambiguous. Possibly, it has many internal conflicts because the economic studies by Professors Hansen and Zobler (Appendix, disadministration, effect on the guaranteed annual wage, and the proposed idea of supplementing it with unemployment insurance) lacked the lure of the guaranteed annual wage, and it was not well advised to study this report. A report that cost the tax payers $600,000, and for a fraction of the care, furthermore, should not have been contested to this report. Also, in the spring of 1941 it was unrealistic to expect this time "we mean business" and "we don't want to hear, a year later we are still trying to do something, we have first have to study the matter."

Maintaining Purchasing Power

That the guaranteed wage advocates may still argue this problems and solutions through the maintenance of pur- qua workers in the economic churning: With the guaranteed wage from the production of the period, this view has not found defenders among experts in this field. No recognized economic evidence has been found to disprove that substantive to this point. However, the median guaranteed wage might make depressions and underemployment more probable. Further, in this category of importance we do not have any other economic evidence at hand.

Supplementing Unemployment Compensation

All of thisdisturbs the over-all Latimer in his statement on approach. Although unemployment compensation is a staple of social legislation for a decade or more, it appears that the worst wages of most employers already has had to pay a guaranteed wage is the cooperative arrangement to wage guarantee. Why not grant this wage guarantee on the structure?

Thus, Latimer said: "The problems inherent in guaranteeing wages are substantially increased by combining unemployment insurance benefits; for neither with respect to emphasis on employ- ment stability nor with respect to the practicality of basic differences between the two systems." He then emphasized that this is true but is not very important. Despite the difficulty of the problem, it is a significant one for the determination of this wage guarantee. Why not grant this wage guarantee on the structure?

For the argument of this wage guarantee on the structure, he went on to say: "It is sometimes said that a guaranteed wage is distinctly different from unemployment insurance because the former en- phasizes the provision of work whereas unemployment insurance emphasizes the payment of in- come when no work is performed. This distinction is not as striking as might at first sight appear."

In other words, they were not analyzing the analogy in this way.

In terms of the intent of those guaranteeing wages, this distinction is irrelevant. The intention of unemployment insurance is to provide for the unemployed in time of need, not to provide for the employed in time of surplus. It was further argued that, by the nature of the guaranteed wage, there is no incentive to overcome unemployment and assure continuity of work, or income, or both. This type of ex- planation is to confuse the effects of unemployment compensation. It is our contention laborers or their advisers in the field of economic affairs should not have to bear the brunt of this argument.

George Meany, President of the American Federation of Labor, on the proposal to add the benefits of unemployment compensation, he went on to say: "We have not pressed that de- mands of welfare, especially in times of depression. It will overcome depression and assure continuity of work, or income, or both. This type of ex- planation is to confuse the effects of unemployment compensation. It is our contention laborers or their advisers should not have to bear the brunt of this argument.

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The UAW, on the other hand, asked for guaranteed benefits without the actual work. "All workers should be guaran- teed employment or guaranteed payment of a full summer job, and should have the guarantee of the right to a year's job. The guaranteed wage only constitutes a basis of a full wage guarantee. A guarantee of guaranteed workers should be made to every worker. (Iailocked added.)"

Then it goes on to say: "The guaranteed wage plan, therefore, must provide protection for the guaranteed annual wage. If the wage guarantee is not guaranteed workers and for all those who are not guaranteed workers."

In spite of Latimer's recognition of the limitation of the guarantee, the guarantees of the so-called 'guaranteed workers' wage' has been displayed in a way that might be interpreted as a guarantee of the guaranteed wage. This is not the case, and the situation is more complicated than the simple statement of Latimer. (Iailocked added.)}

"To qualify for the guaranteed annual wage, all workers in the UAW must have been in employment for at least a year. The guaranteed annual wage is paid to workers for whom unemployment benefits are provided. The guaranteed annual wage is paid to workers for whom unemployment benefits are provided."

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This guaranteed wage system (3) is one in which any employer who fails to maintain the rate of pay or to make his job voluntarily and even leave the labor market. A few weeks later by simply chang¬
ing his mind about work, he could quit and move on.

Or, suppose he is laid off and collects the combined high bene¬fit and unemployment assistance. He should be required to accept other "rational" jobs at rates no lower than what he would have been required to look for any (demand in Alcoa case).

These unions are being duped. The unions may claim that it means "overtime to be paid for work or lives want to live," "near the bus line," "at his highest rate of pay or wages," "to do work because of the high ideologi¬cal worth of the job on scores of grounds of un¬suitability," etc. The actively seeking employer to whom he has been referred can readily con¬"payoffs" for working for that employer and not for the unemploying employer. So long as unem¬ployment benefits are at moderate levels, this is not a problem. The state legislatures have clearly understood that they have aimed at benefit levels not over 25% of wages and with duration not to exceed five or six months.

Other Plans

The idea has been to find some specific formula for private benefit supplements under the law, as against 30% in Puerto Rico and 24.4% in Wisconsin as shown in the accompanying table.

Federal Reserve Bank of St. Louis

The Commercial and Financial Chronicle

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leaving his employer or for his own convenience. This guaranteed wage system (3) has been shown by us to be made to work because the state legislatures have kept the benefits at levels that are too low to make a self-sustaining and family responsibility could not afford to keep them going. The employer's wage, which is generally the combined Steel Workers' union in negotia¬tions. There will be no problem of this kind. The combined Steel Workers' union in negotia¬tions. There will be no problem of this kind.

If he wanted to do so, a worker could quit his job voluntarily and even leave the labor market. A few weeks later by simply chang¬ning his mind about work, he could quite legally and conveniently.

Some labor leaders have ac¬tivated a distinct interest in the problem as some of the 170,528 who have been studying unemployment under a law which the state is considering. This study of the inadequate adequacy of the law, unfortunately, is not available. The study would need to be made to work because the state legislatures have kept the benefits at levels that are too low to make a self-sustaining and family responsibility could not afford to keep them going. The employer's wage, which is generally the combined Steel Workers' union in negotia¬tions. There will be no problem of this kind. The combined Steel Workers' union in negotia¬tions. There will be no problem of this kind.

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The State of Trade and Industry

doubtful that any guaranteed annual wage concessions can be negotiated, it concludes.

Steel Output Saturated at 75% of Capacity This Week
The year just starting to unfold should bring the second best year in history, according to a report in the Cleveland [Ohio] Metropole, that the steel industry is being. Volume of sales would total $112 billion, only 2% below the record for 1953, it was reported.

Never before has the steel industry been in such a good position to fulfill demand. Its capacity is the largest ever—approximately 120 million tons—steel for ingots and castings, compared with 117.5 million tons a year ago, declares this trade weekly.

Now that the steel industry has caught up with and overtook the automobile industry in this country, it has much more production capacity than is needed, according to estimates in the Cleveland [Ohio] Metropole.

The Current Volume of Steel Industry output was said to be about 113,000,000 tons. However, this figure does not include the output of 10,000,000 tons of steel for foundry castings.

Newstands are shown to have increased by only 1.2% last week, as compared with the previous three weeks.

Ute Uranium Common
Stock at 1¢ a Share
Kemp & Co., Inc., and Fred W. Miller & Co., both of Denver, Colo., are offering "as a speculative play" 1 cent a share of common stock of Ute Uranium, Inc. at par per share.

The net proceeds are to be used to finance a new mill and other exploratory work, for acquisition of additional uranium and thorium properties, for development of equipment and other general corporate purposes.

The company was incorporated in Colorado on Oct. 1, 1953, with its statutory office at 601 First National Bank Bldg., Denver 2, Colo., and was recently listed on the American Stock Exchange. The company is primarily in the business of exploring, mining, and developing uranium and thorium properties in Utah, and possibly in the North St. Rock Uranium District, San Miguel County, Colo., and the Stony Pass District of Eagle County, Utah, and possibly in the North St. Rock Uranium District, San Miguel County, Colo.

Capper & Co. Offer Diamond Bros. Stock
Capper & Co., New York, are offering an issue of 199,800 shares of Diamond Bros. Stock (par value $100) at $975 per share.

It is contemplated that the net proceeds of this financing will be used for the acquisition of equipment needed to launch the plant which was dismantled in the course of a strike (1953) of the company's workers, and for the cost of bringing that plant into production.

Diamond Bros. Co., a New Jersey corporation organized on May 21, 1946, is a manufacturer of upholstered living room suites, chaise lounges, chaise sofas, and upholstered chairs.

Business Failures Carry-Over to Decline in Second Quarter
A decline in the number of business failures is indicated for the second quarter of 1954. The number of business failures in the first quarter of 1954, was estimated at 29,300,000,000 kw.h., according to the Edison Electric Institute. The foregoing is a preliminary figure and represents a mild fragment from the figures of the preceding week.

The current figure represents an increase of 26,250,000 kw.h., or 9% over the preceding week, and an increase of 32,000,000 kw.h., or 10% over the comparable period last year.

Trade Volume Falls Sharply in Post-Christmas Week
Total retail sales dipped sharply from the preceding week as the holiday season continued to die down. However, because of one extra day of holiday buying this year, consumer spending was moderately above a year ago in the period ended Wednesday of the preceding week. Many stores closed for the three-day weekend and on Monday the traditional post-Christmas "clearance" sales began. Because of the shorter week in the preceding week, the total dollar volume of trade in the week was estimated by Dun & Bradstreet, Inc., to be from 2% to 7% higher than at the same time last year. Beginning Dec. 26, the week ended Dec. 26, the week, the total dollar volume of trade in the week was estimated by Dun & Bradstreet, Inc., to be from 2% to 7% higher than at the same time last year. Beginning Dec. 26, 1953, a decrease of 12% above the level of the preceding week. The week ended Dec. 19, 1953, a decrease of 1% was reported. Imports for the week ended Dec. 26, 1953, no change was reported. For the period Jan. 1 to Dec. 26, 1953, an increase of 2% was reported.

Retail trade volume in New York last week followed the customary pattern of sales in the post-holiday period, but according to reports, it held close to the like period a year ago.

Apparel sales were moderately above a year ago although they were still below the post-Christmas volume. Clearance promotions were heavily advertised and the results were generally favorable.

The most substantial price reductions were to be found in women's coats and suits which had been all season. The call for dressy items of clothing was greater than at the same time a year ago. Casual clothes and sportswear were the best selling items among men's wear.

Trading activity among wholesalers came to a virtual standstill as a result of the holiday season in the period ended Wednesday of the preceding week. Total trading was moderately below the year ago level on the order level, according to Dun & Bradstreet.

Department store sales on a country-wide basis taked from Dun & Bradstreet show that for the week ended Dec. 26,* 1953, increased 12% above the level of the preceding week. For the period Jan. 1 to Dec. 26, 1953, a decrease of 1% was reported. For the period Jan. 1 to Dec. 26, 1953, a decrease of 1% was reported. For the period Jan. 1 to Dec. 26, 1953, a decrease of 1% was reported.

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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:

<table>
<thead>
<tr>
<th>Date</th>
<th>Latest Week</th>
<th>Previous Week</th>
<th>Month</th>
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<th>BARNES’ DOLLAR ACCEPTANCES OUTSTANDING—FEDERAL RESERVE BANKS OF NEW YORK</th>
<th>Date</th>
<th>Latest Month</th>
<th>Previous Month</th>
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<th>LABOR—(1947-49=100)</th>
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<tr>
<td>Jan. 10</td>
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<th>WINTER WEATHER CONDITION—CROP REPORTING SERVICE OF U. S. DEPT. OF AGRICULTURE—Till Dec. 1</th>
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<th>Latest Week</th>
<th>Previous Week</th>
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<tr>
<th>NEW YORK STOCK EXCHANGE—As of Nov. 30</th>
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<th>MEMBERS OF THE AMERICAN COTTON SEED MANUFACTURERS’ UNION</th>
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<th>Latest Month</th>
<th>Previous Month</th>
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The problem of local public works is also one of decentralized decisions about postponable outlays. Local authorities are apt to follow a cycle-related view of the visible backlog of needs for public buildings, streets, and parking facilities, the idea of a "shelf of public works" has unusually strong appeal here.

But the necessary linkage between local and national policies, an understanding of national timing and financing has not always been there.

Over all, there is a problem that is much illuminated by the availability of the pot of gold in the annual and quarterly SEC-Commerce surveys of stocks and the yearly Federal Reserve-Michigan series on consumer sentiment. While the evidence is far from fully tested—indeed of prove—rumored the Federal Reserve—Michigan series can be used on a quarterly basis in 1954, we will see a further gain in our ability to size up the coming year.

We take it we can hope that current studies and new economic series will add to our understanding of a considerable intentions series on public works.

International Problems

The most important international problem in the American business prospect is the danger of international disruption from an abrupt shift in world inflation. Exports are cycle-sensitive. This implies also a danger to hit our exporters, since our trading situation is such as to require prompt adjustment of purchases to sales. More important, the outside world may in turn intensify the backlash of what we feel as a crisis in American inflation. The experience of 1948-1950 suggests that we should not be too slow in the effort to remember that it came during the expansion of an American cycle and the American trade look special account of balance-of-payments considerations out of the whole international side of the stabilization problem. A powerful incentive to consider this country in this way.

So long as these urgent jobs remain, economists cannot worry about the suggestion that we avoid talk of a pattern recession for fear of damaging "confidence." To sustain confidence by assurances that there is no danger, as we should have learned in 1930-1931, is to run the risk of exhausting the powerful forces of confidence, whose maintenance is so essential. Confidence is to earn confidence by having an adequate substantive policy for dealing with recessions.

Joseph Fee Joins Dodder & Cox

SAN FRANCISCO, Calif.—Jo- seph Fee, lately of Coats & Clark, has been ap- pointed as a Security Analyst with the investment management firm of Dodder & Cox, Mills Tower, Mr. Fee has been a Security Analyst with Dean and White Co. for the past 10 years, and served in the Pacific with the Navy during the war. He is a graduate of Yale University and the Harvard Graduate School of Administration.

Ralph Sommers Opens

(Special to THE FINANCIAL CHRONICLE)

LA GRANGE, Ill.—Ralph M. Sommers, a 35-year veteran of investment banking, has opened his own securities business from offices at 132 South Park Road. He was previ- ously with the Chicago National Bank and Company, Incorporated.

Walter Greer Benton

Walter Greer Benton passed away Jan. 2. Following a heart attack. His retirement in the middle of the railroad bond trading department of Wood, Strouters & Co.
The common stock capital of the Iowa-Den Moines National Bank, owned by traders, was increased from $2,500,000 to $3,000,000 through issuance of new stock effective Dec. 24.

Three veteran members of the auditing department of First National Bank of Chicago, organized under the bank’s pension plan on Dec. 31, 1953, according to William C. F. MacKie, First National’s President.

Mr. Hollocher has been an officer of First National Bank since 1927 and has served as a director since 1931. He is one of the bank’s Vice-Presidents and has been associated with the bank since the early 1920s.

Mr. Hollocher has been a director of First National Bank since 1931 and has served as a director since 1935. He is also a director of the bank in the early 1920s.

Mr. Atkinson, who is a public tax lawyer and has been with the bank since 1919, served as a director since 1922.
Gentlemen: At no obligation please send me a prospectus on Canadian Funds.

Name
Address
City

The Keystone Company

Please send the prospectus describing your Organization and the shares of your Ten Trust.

Date

The Bond Fund of Boston

Massachusetts Investors Trust

Massachusetts Investors Growth Stock Fund

Boston Fund

Century Shares Trust

Canada General Fund

A Mutual Investment Fund

Prospectus may be obtained from investment dealers or from The Parker Corporation, 200 Berkeley St., Boston, Mass.

A prospectus relating to the shares of any of these separate investment funds may be obtained from The Parker Corporation, 200 Berkeley St., Boston, Mass.

The Research Department of E. W. Jones & Company

The Orders-Inventories Ratio: As Used For Market Forecasting

Most of the previous cyclical discussion has revolved around the orders-inventory ratio, moreover, they were accompanied by sharper declines in the industrial product averages and in general business activity than the present decline. The general levels of industrial stock prices, however, have remained relatively flat and indeed inventories themselves are much higher today than they were at important cyclical low points in the orders-inventory ratio in the past.

Whether this is favorable or unfavorable is an interesting question. It may be favorable if it means merely that business activity has reached a new momentum (especially with some types of defense business likely to continue) so that only a minor inventory adjustment is required. On the other hand it may be unfavorable if it means that business has underestimated demand and must now, or sooner or later, make really substantial readjustments.

We are inclined to believe that those who believe in a moderate inventory readjustment (more substantial than anything that has occurred thus far) will be necessary before we can expect to see that the low point in the orders-inventory ratio has actually been reached, although the main object of our discussion to date has been to point out that there are actually some significant differences between the general economic environment and the one that has prevailed at the cyclical low points of 1932, 1938, 1940, and 1949.

Manufacturers themselves appear to be of two minds on this basic problem. Westinghouse Electric Corporation, for example, says that it has achieved an increase in sales of television sets, reducing prices. Several other manufacturers, on the other hand, say that inventories have not been curtailed and that the laying off of employees is still going on.

One difficulty in interpreting the orders-inventory figures is the lag between the figures and the time when they are available. The latest Department of Commerce all-inclusive figures on inventory levels in the automotive group, for example, showed that as of Oct. 31 the total was slightly more than $4 billion, up almost a billion in the last six months.

Since then, however, “Automotive News” has reported a rather sharp reduction in dealers’ stocks of passenger cars, which may be interpreted as a pull down of inventory curtailment and to a rather sharp increase in the satisfactory placing of orders, which, in October (latest available data), was the first time in the past, allowing for seasonal variation.
Volume 179 Number 2088 . . . The Commercial and Financial Chronicle

George Putnam Fund of Boston reports record sales of $5,300,000,000, with $9,000,000 in 1952, a 21% increase.

Repurchases of shares were slightly lower in relation to sales than the amount invested in the fund during 1953. The investment in the fund in 1953 was $77,000,000 in 1952, a 22% increase.

The number of Putnam Fund shareholders increased to a record high in 1953. Total net asset market at 115,000,000 on Dec. 31, 1953, compared with $61,500,000 a year ago.

The Putnam Fund of Boston, which is sponsored and managed by Investors Mutual, Inc., was $12,000,100, at the close of the fund's fiscal year ended Nov. 30, for the 12 months, according to the latest published figures.

The total number of shareholders in the fund increased from 4,500 to 5,400 during fiscal 1953.

Fluctuations in the net asset value of the fund's shares during the recent months were due mainly because of portfolio changes made in the fund to appropriate the portfolio to the market. The fund's net asset value totalled $60,000,000 on Dec. 31, 1953, and $1,000,000 a year ago.

American International Corporation announced that the net asset value of its common stock at Dec. 31, 1953, was $32,000,000, compared with $32,000,000 at Dec. 31, 1952, and $28,000,000 then outstanding.

The prudent investor would be encouraged to use the information available to be flexible, as in the light of the market's reactions, and other extraneous standards.

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Securities Now in Registration

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**NEW ISSUE CALENDAR**

**January 7 (Thursday)**
Missouri Pacific R.R. Corp. Equip Trust Cfs. (iss to Cwt./St.) $200,000.00

**January 8 (Friday)**
Saint Anne’s of Chicago Co., Common (ills. Pedlar & Harris) 300,000.00

**January 11 (Monday)**
Amalgamated Growth Industries, Inc., Common (A. E. & Co., Inc.) 2,000,000.00

Appalachian Electric Power Co., Bonds (1/26) 3,000,000.00

Danielson Manufacturing Co., Preferred

Eitel-McCullogh, Inc., Common (Morgenthau & Co.) 100,000.00

**January 12 (Tuesday)**
Detroit Edison Co., Debentures (offering to stockholders) $1,000,000.00

International Bank for Reconstruction and Development Bonds (The First Boston Corp., and Morgan Stanley & Co.) 1,000,000.00

Marquette Cement Mfg. Co., Common

Montreal (city of) Debentures (ills to be sold) $100,000.00

Public Service Co., Bonds (ills 11 a.m. CST) 250,000.00

**January 13 (Wednesday)**
Ohio Edison Co., Common (Offering to stockholders) 12,000,000.00

Virginia Ry. Equip Trust Cfs. (ills 12 p.m. EST) 1,000,000.00

**January 14 (Thursday)**
Chemical Enterprises, Inc., Common (Lee Higby Co.) 100,000.00

General Telephone Co. of California, Preferred (Delany, Tracy & Co., Patte, Weller, Jackson & Co.) 10,000,000.00

Kansa City Power & Light Co., Pfd. & Common (The First Boston Corp., and Blyth, Hoole & Co.) 1,000,000.00

**January 15 (Friday)**
Aetna Oil & Gas Co., Common (Iss to underwriters) 2,050,000.00

**January 16 (Saturday)**
Fire Association of Philadelphia, Common (stockholders)

**January 18 (Monday)**
Cincinnati & Suburban Bell Telephone Co. (no par) being offered for subscription by common stockholders of record Nov. 27 on a 1-for-3 basis; rights to expire Jan. 8. Price—At par ($50 share). Proceeds—To sell the New York Telephone Capital Corporation to recipients of the stock dividend

**January 19 (Tuesday)**
Iowa-Illinois Gas & Electric Co. Preferred

Ohio Edison Co., Bonds (ills 11 a.m. EST) 1,000,000.00

Trion, Inc., Bonds (ills 11 a.m. EST) 500,000.00

Western Casualty & Surety Co., Common (underwriting) 250,000.00

**January 20 (Wednesday)**
Harris-Byeold Co., Common (McDonald & Co.) 500,000.00

Michigan Consolidation Co., Preferred

**January 22 (Friday)**
Otter Tail Power Co., Debentures (ills & Co.) 3,500,000.00

**January 25 (Monday)**
Automobile Banking Corp. Preferred

Bender & Co., and H. G. Reich & Co. 100,000.00

Gulf Sulphur Corp. Preferred

**January 26 (Tuesday)**
Colorado Oil & Gas Co., Common (stockholders) 1,000,000.00

**February 2 (Tuesday)**
Mississippi Power & Light Co. Preferred (ills to be sold) 2,000,000.00

**February 10 (Wednesday)**
Mystic Valley Gas Co., Bonds (ills to be sold) 3,500,000.00

**February 16 (Tuesday)**
Louisville Gas & Electric Co. Bonds (ills to be sold) 12,000,000.00

Public Service Co. of Oklahoma Bonds (ills to be sold) 1,000,000.00

**February 17 (Wednesday)**
Essex Electric Co., Bonds (ills to be sold) 1,000,000.00

**March 3 (Wednesday)**
Suburban Electric Co., Bonds (ills to be sold) 4,000,000.00

**March 16 (Saturday)**
Alabama Power Co., Bonds (ills to be sold) 17,000,000.00

**April 6 (Tuesday)**
Georgia Power Co., Bonds (ills to be sold) 12,000,000.00
Detroit.—Dec. 15. Filed $18,000,000 3 1/2% convertible debentures due Feb. 1, 1969, to be offered for subscription by stockholders of the holders of the 98,333 shares presently outstanding for a 10-day span; then to public.

Price.—To be supplied by amendment.


Ohio Oil Co., Greenwich, Conn.—Nov. 12. Filed 57,468 shares of common stock (no par) to be first offered for subscription by the holders of the 57,468 shares of common stock held by the corporation. Proceeds.—To be used for capital improvements. Underwriter.—Kidder, Peabody & Co., New York.


Harris-Seybold Co., Cleveland, Ohio (1/20) Dec. 30. Filed 40,005 shares of common stock (par $1) to be offered for subscription by the holders of the 40,005 shares of common stock outstanding for a period of record Jan. 15, 1954, on the basis of one new share for each share of common stock outstanding on Feb. 1, 1954. Price.—To be supplied by amendment (to be determined by competitive bidding).

Underwriter.—To reimburse company's treasury for the investment, James C. Cottrell & Son Co., and for general corporate purposes.

Santa Ana Oil Products Co. (1/8-12) April 23. Filed 160,000 shares of common stock. Proceeds.—To acquire stock of other companies; to be used for general corporate purposes. Underwriter.—National City Bank of New York, for the account of the company. Proceeds.—To be used for general corporate purposes.

Ohio Edison Co. (1/13) Dec. 10. Filed 81,000 shares of common stock (par $1) to be offered for subscription by stockholders of record Jan. 8 at a rate of one new share for each ten shares then held, (no subscription premium). Proceeds.—To be supplied by amendment. Underwriter.—Central Pennsylvania, Inc., Chicago.

Northern Indiana Public Service Co. (1/20) Jan. 3. Filed 318,000 shares of common stock (no par) to be offered for subscription by stockholders of record Dec. 29, 1953, at a rate of one new share for each share then held, (no subscription premium). Proceeds.—To be supplied by amendment. Underwriter.—The First Boston Corp., New York. Financial Advisor.—The First Boston Corp., New York.


Price.—To be supplied by amendment. Proceeds.—To repay debts and obligations, etc. Underwriter.—Barham & Co., Coral Gables, Fla.


Federal Pipe & Fabric Co., Philadelphia, Pa. (1/18) Dec. 11. Filed 348,000 shares of common stock (par $10) to be offered for subscription by stockholders of record Jan. 8, 1954, and ratable to the fraction thereof to all other holders of record prior to Dec. 31, 1953, except that the first 10,000 shares held by the Old First Bank of Philadelphia, New York, will act as advisors to the company.

Price.—$2 per share. Proceeds.—For new plant, etc. Underwriter.—None.

Florida Western Oil Co. Nov. 6. (Letter of notification) 250,000 shares of common stock (par $1) to be offered for public subscription, with the right to subscribe at any time within 45 days. Price.—$1 per share. Proceeds.—Proceeds for drilling operations. Underwriter.—Blyth & Co., Inc., Chicago, Ill.

General Hydrocarbons Corp. Nov. 8. Filed 7,264,642 shares of common stock (par $1) to be offered for subscription by the holders of the 7,264,642 shares of common stock held by the corporation. Price.—$359 per unit (for the debentures and $1 per share for the common stock). Proceeds.—For general corporate purposes. Business.—Oil and gas development. Underwriter.—None. Offering.—Oregon City, Ohio.

General Hydrocarbon Corp. Nov. 12. Filed 150,000 shares of 5% cumulative preferred stock (par $100). Proceeds.—To be supplied by amendment. Proceeds.—For general corporate purposes. Underwriter.—None. Offering.—None. Date.—November 27.

Medina Oil Co., Iran, N. Y. Dec. 15. Filed 100,000 shares of common stock (par $10). Proceeds.—To be supplied by amendment. Proceeds.—To be used for new plant in Georgia and Ohio. Underwriter.—A. G. Becker & Co. Inc., Chicago, Ill., and New York, N. Y.

Merrill Chapman & Scott Corp., New York Dec. 31. Filed 513,594 shares of common stock (par $12.50) to be offered for subscription at $109,564.25 of shares of common stock of the First National Bank of New York. Proceeds.—At rate of one share of Merrill-Chapman & Scott Corp. for each 2.16 shares of common stock. Underwriter.—None.

Michigan Consolidated Gas Co. (1/20) Dec. 15. Filed 1,000,000 shares of first mortgage bonds, dated Jan. 15, 1954 and due on Jan. 15, 1979, to be offered for subscription at $100 per bond. Proceeds.—To be supplied by amendment. Proceeds.—To be used for general corporate purposes. Underwriter.—Halsey, Stuart & Co. Inc.; White, Weld & Co., New York; and Blyth & Co., (jointly); Harriman Ripley & Co. Inc. and Union Securities Corp. (jointly). On June 15, 1953, a group headed by Halsey, Stuart & Co. Inc., Harriman Ripley & Co. Inc. and Union Securities Corp. bid 100 11/2% for the issue at 5%. It was rejected, but tentatively expected to be received up to 10:30 a.m. (EST) Dec. 15. Underwriters.—None.


Montreal Aviation Co., Ltd., Montreal, Que. Oct. 16. Filed 2,000,000 shares of common stock (par $1) to be offered for subscription by the holders of the 2,000,000 shares of common stock held by the corporation. Price.—$10.50 per share. Proceeds.—To be used for general corporate purposes. Underwriter.—None.
**Prospective Offerings**

**Alabama Power Co. (3/16)**

Dec. 15 it was reported company plans is planning issuance of 1,000,000 shares common stock for $3,000,000. Issuance—For construction program. Underwriters—To be determined by competitive bidding. Probable bidders: Halley, Stuart & Co. Inc.; Lehman Brothers; The First Boston Corp.; Pierce, Fenner & Beane and Union Securities Corp. (jointly). Registration—To be determined prior to the offering date. 

**Gas Service Co., Kansas City, Mo.**

Dec. 11 Cities Service Co. was authorized by the SEC to issue 75,000 additional shares of common stock through negotiated sale, rather than through the public offering process. Underwriters—To be determined by competitive bidding. Probable bidders: Halley, Stuart & Co. Inc.; Lehman Brothers; The First Boston Corp.; Pierce, Fenner & Beane and Union Securities Corp. (jointly). Registration—To be determined prior to the filing date, Feb. 17, 1964.

**General Public Utilities Corp.**

Dec. 14 the company reported plans to offer about 600,000 additional shares of common stock on an underwritten basis to stockholders in March or April, 1964—probably on the open market. Underwriters—To be determined just prior to the offering date. 

**Georgia Power Co. (4/6)**

Dec. 15 it was reported company plans issuance and sale of 750,000 shares of common stock to small stockholders in March, 1964. Underwriters—To be determined by competitive bidding. Probable bidders: Halley, Stuart & Co. Inc.; Broker & Co.; Soon & Wilson; Lehman Brothers; The First Boston Corp.; Pierce, Fenner & Beane and Union Securities Corp. (jointly). Registration—Planned for March 1, 1964. 

**Houston Lighting & Power Co.**

Jan. 16 it was reported the company was planning to increase authorized capital stock by 75,000 additional shares of its common stock at $20 per value. Unchanged shares will remain outstanding. 

**Idaho Power Co.**

Aug. 25 the company reported plans to issue 1,500,000 additional shares of common stock on a rights basis to existing stockholders at 1954, $10 par value. Underwriters—F. S. du Pont & Co., New York. Offering—To be determined. 

**International Bank for Reconstruction and Development ("World Bank") (1/12)**

Dec. 10 it was announced bank plans to offer $100,000,000 additional shares of its $5 common stock to public. Underwriters—The First Boston Corp. and Morgan Guaranty Trust Co., both of New York.

**Oklahoma Gas & Electric Co. (12/14)**

Dec. 14 the company reported plans to issue 500,000 additional shares of its common stock at $12 per share. Underwriters—To be determined by competitive bidding. Probable bidders: Halley, Stuart & Co. Inc.; Lehman Brothers; The First Boston Corp.; Pierce, Fenner & Beane and Union Securities Corp. (jointly).

**Producers Oil & Gas Co., Inc. (12/14)**

Dec. 14 the company reported plans to offer 500,000 additional shares of its common stock through negotiated sale, rather than an underwritten offering. Underwriters—To be determined by competitive bidding. Probable bidders: Halley, Stuart & Co. Inc.; Lehman Brothers; The First Boston Corp.; Pierce, Fenner & Beane and Union Securities Corp. (jointly). Registration—To be determined prior to the filing date, Feb. 17, 1964.

**Texas Utilities Inc., Dallas, Tex.**

Dec. 14 it was reported company plans to issue 1,500,000 additional shares of its common stock at $10 1/2 per share. Underwriters—to be determined. Underwriters—To be determined by competitive bidding. Probable bidders: Halley, Stuart & Co. Inc.; Lehman Brothers; The First Boston Corp.; Pierce, Fenner & Beane and Union Securities Corp. (jointly).

**Western Union Co., New York, N. Y.**

Dec. 10 it was announced the company plans to issue 500,000 additional shares of its common stock at $12 1/2 per share. Underwriters—to be determined. Underwriters—To be determined by competitive bidding. Probable bidders: Halley, Stuart & Co. Inc.; Lehman Brothers; The First Boston Corp.; Pierce, Fenner & Beane and Union Securities Corp. (jointly). Registration—To be determined prior to the filing date, Feb. 17, 1964.

**Xcel Energy Co. (4/17)**

Dec. 14 it was announced company plans to issue and sell 500,000 additional shares of common stock through negotiated sale, rather than through the public offering process. Underwriters—to be determined by competitive bidding. Probable bidders: Halley, Stuart & Co. Inc.; Lehman Brothers; The First Boston Corp.; Pierce, Fenner & Beane and Union Securities Corp. (jointly).

**Wyoming Oil Co.**

Dec. 17 the company reported plans to issue 500,000 additional shares of its common stock through negotiated sale, rather than through the public offering process. Underwriters—to be determined by competitive bidding. Probable bidders: Halley, Stuart & Co. Inc.; Lehman Brothers; The First Boston Corp.; Pierce, Fenner & Beane and Union Securities Corp. (jointly). Registration—To be determined prior to the filing date, Feb. 17, 1964.
Dec. 16 it was reported company may sell in 1954 about $3,500,000 first mortgage bonds due 1984. Proceeds—For construction program. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; W. C. Langley & Co. and The First Boston Corp. (jointly); Kuhn, Loeb & Co. and Salomon Brothers; (jointly).—Mississippi Power & Light Co. (2/2)

Dec. 26 it was reported early registration is expected of an issue of 60,000 shares of cumulative preferred stock, par value $100; Proceeds—For construction program. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly); Kuhn, Loeb & Co. and Salomon Brothers; (jointly).—Pennsylvania Electric Co. Dec. 16 it was reported that company may issue about $12,500,000 of first mortgage bonds due 1964. Proceeds—To repay bank loans. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane, Union Securities Corp. and White, Weld & Co. (jointly); Harriman Ripley & Co., Inc.; Kuhn, Loeb & Co.; Lehman Brothers; Drexel & Co. and Kidder, Peabody & Co. (jointly).—Bids—Tentatively expected to be received on about March 1, 1954.

Public Service Co. of Colorado Oct. 13 it is reported company is planning to float an issue of $15,000,000 first mortgage bonds, due 1984, early in 1954. Proceeds—For financing, in part, a $27,000,000 construction program. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane, Union Securities Corp. and White, Weld & Co. (jointly); Harriman Ripley & Co., Inc.; Kuhn, Loeb & Co. and Salomon Brothers; (jointly).—Bids—Tentatively expected to be received on or about Feb. 10, 1954.

New Jersey Power & Light Co. Dec. 16 it was reported this company tentatively plans to issue in 1955 about $30,000,000 1st mortgage bonds. Proceeds—To repay bank loans and for general company purposes. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Salomon Brothers; (jointly); Equitable Securities Corp.; Union Securities Corp. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; (jointly).—Bids—Tentatively expected to be received on or about February 4, 1954.

North Shore Gas Co. (Mass.) Dec. 14 it was announced that it probably will be necessary for the company to obtain approximately $50,000,000 from the sale of additional Securities in 1954, the type of issue is not known. Proceeds—To repay bank loans. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Lehman Brothers; (jointly); Equitable Securities Corp.; Union Securities Corp. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly).—Bids—Tentatively expected to be received on or about February 12, 1954.

Southern California Edison Co. Dec. 30 it was reported company has issued and sold $17,000,000 7% bonds, due 1984, by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly).—Bids—Tentatively expected to be received on or about February 16, 1954.

Southwestern Public Service Co. Dec. 1 it was reported company plans to issue and sell $4,000,000 of 30-year first mortgage bonds. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly).—Bids—Tentatively expected to be received on or about March 10, 1954.

Suburban Electric Co. (3/3) Dec. 14 it was announced company plans to issue and sell $4,000,000 of 30-year first mortgage bonds. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly).—Bids—Tentatively expected to be received on or about March 10, 1954.

Utah Power & Light Co. Dec. 23 it was reported company plans to offer in March, 1954, about 250,000 shares of common stock and in May, 1954, approximately an additional $10,000,000 of common stock. Underwriters—(1) For debentures to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Salomon Brothers Securities Corp. (jointly); Union Securities Corp. and Smith, Barney & Co. (jointly); Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane; (jointly); Salomon Brothers; and H. R. Halsey, Barney, & Bro., (jointly).—Bids—Tentatively expected to be received on or about February 1, 1954.

West Coast Transmission Co. Oct. 14 it was announced that company now plans to issue and sell $17,000,000 of common stock in 20-year, first mortgage bonds; and $24,400,000 of under¬ordered long-term debentures and 4,100,000 shares of common stock to be sold to the public. Proceeds—For construction program and to underwrite the Canadian Peace River field to western Washington and Oregon. Underwriter—Eastman, Dillon & Co., New York.
WASHINGTON... And You

WASHINGTON, D.C.—Pres¬
ident Eisenhower said that the
President planned one of his first
hurdles of the new session—his
conferences with his own party
men in Congress on a legislative
year—might well mark considera-
cably more success than was
anticipated.

According to such word as can
be obtained, the President gen¬
erally will stress his support of
pression upon the Republican
leaders and committee chairman
who visited the White House
to discuss the legislative pro¬

One of the signs of this was
the subsequent absence of any
privately inspired stories in
news stories about the Presi¬
deck's conference, and after
they were over the boys all went
home to their families, talking
until after the formal
message of the President today, or
what they said about the news.

The radio and TV talk on
Washington was reported.

It must be reported, however,
that until after these conferences
were over, there was a great
deal of apprehension among the
media as to the future of the
trade. By calling in commit¬
tees and interest groups, the
organization of these conferences
gave the impression a great
Administration was in fact having
framed a battle plan. He
became the motivator be¬
cause of the hour of the tax
bill. The talk of the town was
'53 deficit will be less by $8 billion
Humphrey, and the Budget
Director had not called at
attention to the fiscal facts of
life a $4-3 billion spending cut
out. They have continued to
annually to give him the
President and the House. But
on the White House and the
ensuing
draft—would have been
astronomical.

Will Have Tough Sailing
Despite the favorable impres¬
sion left, the boys in their
independent political world, he is
now having to go through the
warrant of sailing in the new session.

This is because the
Democrats have found a degree
which will surprise many now living
obligation. They have not lived long
or who have not lived long
enough to remember what
liberalism, conservative as well
as "liberal," can do when their
basis of unity is not opposition
to some sweeping social legisla-
tion of a Roosevelt or Truman,
but unity to throw at the
angels and/or rascals out.

Could Kill Tax Bill
Take the present tax program,
for instance. This column of the
"Chronicle" detailed on Chris¬
tine Ike the main lines of the
Administration's tax pro¬
gram for 1954. It was a hope of the
Administration that if it
recommends the end of the
Excess Profits Tax, the second
10% tax cut that the public
in a revision bill makes a beginning
on by a better shake on depre-
ciation, double taxation, and
capital gains, that a majority
will get 54% of the boys, and for
the sake of this long-postponed
reform will go along with main-
lining the economic trend of ex-
taxation and a corporation
increase to 12 1/2% to 25%.

Since the revision bill is not
yet revealed to the public, it is
time to do what this it is
possible to make a firm canvas of sentiment as it stands

in a Democrat's spot. All these
reforms are wonderful, but they
don't tell to the school teacher
the weather, to pay, or to any
other tax group as a like a to
$700 from $500 in the personal
exception, which would cost a
lot of dough.

It's a pretty good hunch that
the Democrats will come around
to making a hike of not less than
$100 in the personal exemption
their party policy. On a
motion to recommit the Adminis-
tration tax bill, they in the House
could probably pass such a motion,
and on the floor after it
some other vote-catcher and
expensive little gadgets. It would be
difficult to hold enough Repub-
licans in line for this damag-
 ing pretense to prevent it passing.

In such a case about all
the Administration could do
would be to let the bill sleep
peacefully in committee until in
1955 election and the end of
the New Congress comes.

Democrats in any case are
stalling pretty. They can say OK
on business tax relief, but give
the individuals some relief, too.

This would be pretty sure to kill
the bill, in which case the higher
excise on cigarettes, liquor,
and motor vehicles would ex-
pire on schedule April 1 and at
the same time the corporation
income tax rate would drop to
47%, and the Texaco tax rate
run shorter another $2 billion of
prospective revenues.

Democrats, including conserva-
tives, actually would help
achieve tax reduction for busi-
ness whilst not being compro-
mised for it under this proced-
e. They have about both to
gain and to lose by it.

Democrats, conversely,
would be in the position of hav-
ing taken the lead to deny in-
dividuals further tax relief and
business the lower corporation
rate, but, demagogically speak-
ing, of having proposed relief
for the well-to-do. It may sound
irritational to persons outside
Washington, but that is politics
as she very likely may be played.

Think Defense Cuts Will Hold
President Eisenhower's chat
with the Democrats may in the
end prove to be a moderately
beneficial enterprise, in the
opinion of observers, so long as
that benefit is placed in a
limited perspective.

It is said that the President
was not thinking of trying to
work up the Democrats for any
part of his program. Instead he
was just giving them (1) the
courtesy of an advance look, and
(2) himself an opportunity
to explain why he cut a few billi-
one off defense and another
billions off the deficit.

Ordinarily the opposition first
gives its word on a President's
program from the Annual
Message on the State of the
Union. A little advance look could
not help but promote a moderately
warmer feeling.

One of the most controversial
of the many controversial pro-
posals is the President's defense

cut. Old hands on the Hill be-
lieve that after all the oratory,
this will work out that while
Democrats shouted loud in 1953, for a 35 billion
boost in the Air Force, they
were very careful not to bring this up even for a formal
roll call vote.

(This column is intended to
reflect the "behind the sc->n inter-
pretation from the nation's Capital
and may not coincide with the
"Chronicle's" own views.)