Farm Price Supports
In Danger of Collapse!

By Hon. Ezra Taft Benson
Secretary of Agriculture

Secretary Benson sketches present and prospective conditions in agriculture, and outlines recommended changes in the price support program. Says present price support program, because of increasing supplies dumped on the Commodity Credit Corporation, is in danger of collapse and urges adoption of flexible price supports. Points out object is to work toward improving functioning of market prices rather than to move away from them, and that the Administration’s recommendations aim to expand the total market as against a restricted production.

The Agricultural Situation
In general, the Secretary helped to define the real issues or led to a better understanding of current problems or to wiser decisions on the part of the voters. At best it is a nuisance; at worst—and it is at about its worst in some instances this year— it is a disgrace.

As is usual in such cases, however, it is probably quite futile to rail at it or to demand that it cease forthwith. So long as “practical politicians” see, or think they see, profit in its use, the practice will continue—and the more hoped-for profit, the more of it we shall have. The thoughtful citizen, interested in improving the workings of our political system over the longer period, will, therefore, inquire carefully about the conditions which seem to make it possible for this type of campaigning to flourish. In the instant case it is not merely a matter of the wild accusations of treason and the like, but various other types of charges now more frequently coming.

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Savings, Investments
And Interest Rates

By Roy L. Reierson
Vice-President, Bankers Trust Company, New York

Dr. Reierason, after discussing the economic outlook in relation to savings investments and interest rate fluctuations, points to recent firming of bond yields and money rates as result of easing of the credit situation. Concludes outlook indicates a continuing high level of funds accumulating with savings institutions, and predicts underlying economic pressures will probably cause some further easing of bond yields during 1954. Holds recent reduction in Federal Reserve discount rate does not signal an aggressive "cheap money" policy, but points out, until there is sign of upward turn in business, both economic conditions and credit policy will support ease of money market.

Conditions in the investment markets are determined basically by two main sets of factors. The first is the way in which the investment community appraises the business outlook in general and the demand for investment funds in particular. The second set of factors includes the credit and debt management policies of the authorities. The operation of all these forces is widely illustrated by the behavior of interest rates in 1953.

In the early months of last year, we experienced a rapid rise in practically all categories of interest rates, both short- and long-term. Business activity was at record heights, capital requirements were large and the credit authorities were pursuing a policy which the market generally interpreted as one of progressive restraint. At the same time, an effort was made to lengthen the maturity distribution of the Treasury debt by the sale of a modest amount of long-

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PICTURES IN THIS ISSUE—Candid pictures taken on the occasion of the 36th Annual Winter Dinner of the Boston Securities Traders Association at the Sheraton Plaza Hotel appear on pages 23 to 30 inclusive.

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New York 7, N. Y., Thursday, February 18, 1954
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EDITORIAL

As We See It

Much of the Lincoln Day political oratory this year and some that had gone before it has hardly been elevating. This type of "spellbinding," or should we say, "mud slinging," has found its most extreme manifestation in the utterances of some of the more vocal elements in both political parties. If all this is a foretaste of what is to come in the campaigns now just getting under way, we shall have good cause for disgust before November arrives.

Verbal chicanery is hardly new to American politics. It began with the birth of the nation—or even before that—and has flourished from time to time ever since. So far as can be observed, however, it has never helped to define the real issues or led to a better understanding of current problems or to wiser decisions on the part of the voters. At best it is a nuisance; at worst—and it is at about its worst in some instances this year—it is a disgrace.

As is usual in such cases, however, it is probably quite futile to rail at it or to demand that it cease forthwith. So long as "practical politicians" see, or think they see, profit in its use, the practice will continue—and the more hoped-for profit, the more of it we shall have. The thoughtful citizen, interested in improving the workings of our political system over the longer period, will, therefore, inquire carefully about the conditions which seem to make it possible for this type of campaigning to flourish. In the instant case it is not merely a matter of the wild accusations of treason and the like, but various other types of charges now more frequently coming.

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RALPH S. MURDOE, JR.
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Five Beneficiaries of Atomic Power

Ralph S. Murooe, Jr.

The Atomic Age which has opened an entirely new era of mind has recently been the subject of much comment and speculation. The advent of atomic power, and atomic power upon our economic life is a matter of fact, and the inevitable enormous impact upon the lives of everyone is almost universal. Interests in all areas of science and industry will be changed and disrupted by this development. It is probable that the lives of everyone is almost universal.

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Are we in for more inflation?  

By RAYMOND RODGERS

School of Commerce, Accounts & Finance, New York University

Commenting on revived inflationary sentiment, induced by the Colin Clark thesis that a $20 billion deficit is needed in the 1954-55 budget to ward off a depression, Mr. Rogers discusses the fiscal and political aspects of this inflationary complex. He holds that wage-increases are necessary to preserve purchasing power as a dangerous fallacy, and that the public is being deluded by the llevar of cautious statements about the deflationary pressures. In the new era of mixed economy, the government has to do more than merely balance the budget. It must work to eliminate the inflationary pressures. The political side of the inflationary pressures is increasing. As this is a Congressional election year, the legislative chorus of "Do something for everybody" will become even more vociferous and insistent. Politically, something will have to be done for the farmer and what! Although several billion dollars have been poured into the present farm price support program, so one seems happy about it—and keeping the farmer happy is a political imperative! Labor, too, may be expected to win at least a few political intimations in the coming months and so it goes with still other pressure groups.

The changed role of government is undoubtedly the root source of concern to those who fear inflation. For example, the Employment Act constitutes direct responsibility upon the administrative branch of government for intervention in the economic process (even to the extent of controlling or dictating the purchasing power and unemployment). Then, too, there is the great threat of the Treasury for revenues, a threat so great that it can only be realized in a boom, or so-called expanding economy.

Labor and Inflation

Labor’s insistence on ever-higher wages, featherbedding, and other unproductive practices are too old a story in the constant labor-management negotiations to require repetition here.

The argument, however, that as business slows up wage increases will be necessary to preserve purchasing power and prevent a depression from developing is a dangerous fallacy, for in such an inflationary period — and dangerous — fallacy, that it will be examined. Obviously, such a policy would be highly inflationary in its first stage, as the higher wages would have to be reflected in higher prices. But, the higher wages needed to pay those higher prices would go only to a small proportion of the people. To be specific, it would directly affect only some $9 billion of our over million population, even if every union member got an increase, which, of course, would be irresponsible as there would be many firms which

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Published Twice Weekly

THE COMMERCIAL AND FINANCIAL CHRONICLE

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R. S. Lichtenstein

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Caps Off to Coca-Cola
By IRA U. COBLEIGH
Author of "Winning in Wall Street"

A somewhat effervescent account of some of the reasons why Coca-Cola is a name that every investor, as well as for thity individuals.

There used to be a famous expression, rather dimmed by the international events of the last 15 years, "The sun never set on the British Empire." While that sentiment was not exactly contracted to the passage of time, you might paraphrase it today, with greater accuracy, and say, "The sun never sets on Coca-Cola." Of the world, from Hong Kong to Jezius to Harrrisburg, this magic name has become a sort of common denominator of the modern社会化, a preferred beverage in the homes of far-flung Bengal; yet remained almost as American an institution as the three-piece suit and political conventions.

As we sketch the progress, the promise and profitability of Coca-Cola, we come to a unique American enterprise, one that is as familiar to the man in the brick shoes as to the man in the silver shoes. For the purpose of our purposes, is Coca-Cola, despite most energetic competition, from a number of companies, and repeated efforts to create a sensation, say, still does 50% of the total soft drink business, a feat no other competitor does a total business gross about a fourth as large as Coca-Cola's. And so it is not surprising that while Coca-Cola has shown an amazing growth in the last 30 years, further doubled in the 1890-40 decade; doubled again, 1940-50; and a projection of current increases indicates another business double (as best judge) by 1960.

Perhaps a brief outline of company operations might be helpful before discussing what the facts are or showing what the factors are that are making Coca-Cola so successful. The company is in the business of making and selling its product to the general public. Coca-Cola is supplied to dealers by independent bottlers, who carry the product to the consumers in bottles or cans.

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Outlook for Stock Prices in 1954
By GLENN G. MUNN
Consulting Economist, Frost & Creighton & Curtis Members, New York Stock Exchange

Mr. Munn, pointing out stock market prices and corporate earnings frequently move in contrary directions, holds stock investors have greatest opportunity over next two years in all history to profit by business and corporate developments in American industry. Denies stock prices are inflated, and sees "cushions" against extreme downward swings. Contends there are a number of interesting movements responsible for current price level, and of the "points for most best opportunities for gain." Cites reasons for no likelihood of severe market collapse.

My approach to the stock market has been much the same as that of a student of stock market phenomena, I will not reject any tool that assists me in sound investment decisions. I have a faith in the complex of business, actual and potential, the political climate, the technical situation. I have confidence in stocks that is the basis of my investment operations, in stocks that are strong, in stocks that are weak, and in the technical situation.

The econ¬
"cushions" to limit his field, and deal almost in terms of future business and financial data. The stock market forecasters must sift at least three fields: business, financial, and technical. Many stock market racketeers claim to be clairvoyants of one sort or another. They are either making the capital available to the public. Many of them are buying "Coke".

Further, it has been demonstrated, (1) that since the company has been to the American market, a drink which was once carried in bottles which were made of glass, has been shown to be more satisfactory in a plastic bottle; (2) that the company is a giant in transportation, such as the purchase of land for new factories, and the purchase of equipment for new factories; (3) that the company is a giant in the field of research and development; (4) that the company is a giant in the field of personnel; (5) that the company is a giant in the field of advertising.

Stock Overpriced?
Marketwise KO common does not appear over priced at the 120 level. For 1953 it ranged between 107 and 125; but 1953 was the largest year in company history. Net worth of net stocks, uncommonly high, could easily be expanded by a number of productive facilities. The population growth, foreign business, better retail price. Further the range of possibilities of enormous savings in sugared price improvements, and improvement in the carrydown of net income per share and tax rate of sales against 20% in 1946.

Coca-Cola stock has been, in truth, an amazingly durable and dependable investment. The company has been able to maximize money through the depression, and actually increased its dividends during that period. And while the 1923 price level was about $1 million, and drew a sales curve beginning at $215 million for 1950, and project it through 1951, 1952 and 1953, it is almost certain that 1954 will reach $400 million to $450 million, and a $2 per share figure for common. The "points off to Coca-Cola" meanwhile Coke's a natural, for refreshment or investment.

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of economics as a starting point. However, Government is committed, at least to the recognition of two principles: (1) Cheap Money, (2) Full Employment. If we are to win the great battle in the economic process with support for both full employment and these goals. But at no time since the end of the war has there been necessary up to now to intervene with more than monetary and fiscal policy.

Full employment policy means, of course, that labor is able to force wage increases because of its short supply relative to the number of jobs in the land. But that is the meaning of the Great Depression and the Employment Act of 1946.

President Truman said: "The making of decisions and his chief economic advisers have said that he has decided to lift the Employment Act in order to find, to the maximum extent, the best way to avert the economic problem of the world."

This, gentlemen, takes priority over everything else, says the President. It is to be the Council of Economic Advisers, with the plans of its several agencies and their advance, as to implement the Employment Act or full employment program, by its members or decisions.

Behind these views are three basic propositions:

1. The economic process is a contest between the "Free World" and the "Totalitarian World." It is a contest over the distribution between the efficiency and utility of the facts of the material world, and the best use to which they are put, or the best use which they can be put.

2. The American people must never again carry a bag of gold and material waste of needlessly of men, money, and machines that occurred in the Great Depression of the early thirties.

3. The very life of the "Free World" depends upon trade with us to such an extent that we cannot maintain a separate course of action, or so far from the United States that political and economic isolationism is still possible.

However, very few people believe in the efficacy of Government intervention or control in this respect. By the behavior of the stock market for ten years, especially in recent months, is dominant in the nation's economic life, as a prelude to the Great Depression in the early thirties.

The onset of the Great Depression depends upon trade with us to such an extent that we cannot maintain a separate course of action, or so far from the United States that political and economic isolationism is still possible.

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Bulls vs. Bears Contest
You buy, another sells. Who is right? One man's stock is another's guess. INVESTORS' FUNDING method tested in market-honker's answer: Underbids or overbids. Based on 21 years experience, a day's successful trading is undervalued or overpriced. Based on 21 years experience, a day's successful trading is undervalued or overpriced. Based on 21 years experience, a day's successful trading is undervalued or overpriced. Based on 21 years experience, a day's successful trading is undervalued or overpriced.

Frank Charles Petrine
2604 S. W. 27th Ave., Miami, Fla. 33
External Affairs Will Determine Our Economic Health!

By LEO CHERNE

Executive Director, Research Institute of America

Mr. Cherne, in painting a dismal picture of the international situation, sees Soviet bloc increasing its trade with our allies, and experiencing a rapid rate of economic and military buildup that will keep us in an arms-supported economy for years to come. Points out "curious" domestic situation in which wages are rising and prices are firm in a recession.

Behind-the-scenes conversations in embassies throughout the world are leading to sharply increased trade between our allies and the Soviet bloc. The rate of Soviet economic and military buildup is increasing and with a nation the Kremlin may have achieved near parity in industrial strength by treating its already larger military forces. The foreign and domestic policies of Stalin with hardly a ripple. The Research Institute was among the minority which years ago indicated that this would be probable. Some economists have tended to examine our economic outlook for 1954 solely in terms of domestic business activity. We're going through a brief period of exaggerated preoccupation with international affairs. The key fact, however, is that the major events outside the United States will continue to be the major influences on our own economic health.

The possibility of war with the Soviet Union is extremely small; but the possibility of a genuine peace is even more remote. Berlin will not bring along the two irreconcilable powers. If anything, it is likely to hasten Western disunion and Russian strength. We have long been concerned with French instability. We still see the present strength of the Communist Party in that country. Now we have realized suddenly its new meaning in the world. What has been most surprising is that the Communist party in the United States has been able to increase its strength in the last few months. The party has been successful in part because it has been able to increase its membership. The party has been able to increase its strength in part because it has been able to increase its membership. The party has been able to increase its strength in part because it has been able to increase its membership. The party has been able to increase its strength in part because it has been able to increase its membership. The party has been able to increase its strength in part because it has been able to increase its membership. The party has been able to increase its strength in part because it has been able to increase its membership.

From an address by Mr. Cherne before the New York Credit and Financial Management Association at the Sheraton New York, New York City, Feb. 16, 1954.

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From Washington
Ahead of the News

By CARLISLE BARGERON

For the first time in history, at least for the first time in that part of the history with which I have been associated, a political party out of power is being squarely and deliberately being heaped upon it by the party in power. And it seems to be making a successful issue out of it, too. Republicans must quit espousing the politics of the Democrats, the latter say, or they—the Republicans—will be found to be the Democrats, period. And on the northeastern seaboard we hear editors and commentators from the reputedly Republican editors. I think some sort of mood must be gripping the country, at least in the swing state of New York, and that is this: that this is to the flapper of the 20's. Just plain craziness, in short.

There is a purposeful propaganda behind it, but the effectiveness of it may be gauged by the number of Republican editors lending themselves to it.

Why anyone in this country should be shocked in this day and time at what the Republican party is saying and doing, after a period of 20 years has been satanized with 20 years of Roosevelt and Truman demagoguery is more than I can understand. Roosevelt and his New Dealers may have been more influential and respected segments of our citizenry. Princes of Privelege, Eco¬nomic Boys, Money Changers—these persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either been honored or cursed. If those persons have either be
Business in 1954 Faces No More than a Readjustment

By J. ALBERT WOODS
President, Philadelphia Trust Co.

Head of large chemical concern holds there is no ground for fear of serious recession, and business in 1954 can look forward to nothing more than a readjustment to a new set of conditions. Says we have every reason to face the future with confidence, for our great resources, our technical abilities, and our ingenuity in using new materials. Strengths of importance of our rapid population growth.

1953 will be a year to remember, for it produced the largest total national gross product in the history of any nation: $360 billion; worth of goods and services. More than 62 mil- lion Americans were working. Unemployment was just about at the in- diguency level of 14.5 milli- \n
...
Dealer-Broker Investment Recomandations & Literature

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


Corporate Bonds—Bulletin—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Investment Opportunities in Japan—Circular—Yamaichi Securities Co., Ltd., 111 Broadway, New York 7, N. Y.


New York City Bank Stocks—Year-end comparison and analysis of 17 bank stocks—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

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


Report to Investors—Non-technical report on method of determining when a stock is undervalued or overpriced—$2.00—Frank Charles Petrine, 3304 Southwest 27th Avenue, Miami 3, Fla.

American Radiator & Standard Sanitary Corp. — Analysis—Eastman, Dillon & Co., 15 Broad Street, New York 5, N. Y. Also available is a detailed analysis of General Shoe Corporation.


Branniff Airways—Airline-Ferris & Co., First National Bank Building, Dallas 1, Tex.


Canadian Superior Oil of California—Memorandum—Goodbody & Co., 115 Broadway, New York 6, N. Y.

Capital Records Inc.—Report—Journal Securities Corporation, 111 Broadway, New York 6, N. Y. Also available is an analysis of Copeland Refrigeration Corporation.


Canadian Malting Company—Corporation—Satro Bros. & Co., 120 Broadway, New York 5, N. Y. Also available is an analysis of Foremost Dairies, Inc.—Golden State Co., Limited.

Canadian National Banking Association—Memorandum—Fell & Co., 453 South Spring Street, Los Angeles 13, Calif.

Fire Assnals of Philadelphia—Memorandum—Dowd & Co., 535 N. Broad Street, Philadelphia 3, N. Y.


Kaiser Steel Corp. — Memorandum—Merrill, Turben & Co., Union Commerce Building, Cleveland 14, Ohio.

Locust Street Corp. — Building—Cohu & Co., 61 Wall Street, New York 5, N. Y.

Long Bell Lumber Co.—Memorandum—Estes & Co., 112 West 7th Street, Topeka, Kansas.

Malvina Passmore Mines, Ltd.—Analysis in current issue of "Gleamings"—Francis L. du Pont & Co., 1 Wall Street, New York 3, N. Y. Also in the same issue is a list of "Special Purpose" Portfolio. Available also is a list of "Special Purpose" Portfolio.

Burg Warner Mfg. Co.—Memorandum—Lynette—Memorandum—Anchiscott, Parker & Redpath, 32 Wall Street, New York 5, N. Y.

National Homes Corp.—Memorandum—Kiser, Cohu & Submaker, Circle Tower, Indianapolis 4, Ind.


Pan American Sulphur—Analysis—Garrett and Company, 27 Union Life Building, Dallas 1, Texas.


Public Service of New Hampshire—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.


Telecom Corp.—Analysis—Bill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

Texas Calagary Co.—Memorandum—Arthurs, Le Strange & Co., Frick Building, Pittsburgh 19, Pa.

Texas Gulf Produce—Memorandum—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

NSTA Notes

AD LIBING

We are pleased to inform our members that James R. Duffy of Paine, Weiser Jackson & Curtis, Boston and Lewis P. Jacoby, Thayer, Baker & Co., Philadelphia, will represent the Boston Securities Traders Association. Mr. Duffy is a member of Investment Traders Association of Philadelphia respectively. They are the 1954 National Advertising Committee of the N. S. T. A.

John Hudson, Thayer, Baker & Co., Philadelphia, our National Secretary, has informed me that he has met with much enthusiasm regarding the 6% and 10% of the gross to go to affiliates on this year's contracts.

I hope to announce our complete Advertising Committee within the next few weeks and feel with an early start we should easily pass last year's results.

HAROLD B. SMITH, Chairman National Advertising Committee

Pershing & Co.

Broadway, New York 5, N. Y.

BOND CLUB OF SYRACUSE

At the annual dinner meeting of the Bond Club of Syracuse, held at the Hotel on Feb. 1, the following officers were elected for the coming year:

Karl R. Rollins
Francis R. Coulter
Charles T. Heaton

Karl R. Rollins, K. B. Rollins & Co., President.

Pears W. Billings, Cohu & Co., Vice-President.

Francis R. Coulter, Marine Trust Co. of Western New York, Treasurer.

Charles T. Heaton, William N. Pope, Inc., Secretary.

The Board of Governors for the current year is composed of the following members:


SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York, Inc. (STANY)

Bowling League standing as of Feb. 11, 1954 is as follows:

Team
Points

Mansion (Capt.), Jacob, Topell, Weisman, H. Frankel ..... 12

Leone (Capt.), Nieman, Ganon, Tisch, Greenberg ..... 11

Donadio (Capt.), Craig, Gronick, Blit, Denaey ..... 9

Serles (Capt.), Rogers, Gold, Krumholtz, Gersten ..... 8

Bean (Capt.), Biss, Valentine, Eiger, Bradley ..... 7

Kaiser (Capt.), Hunt, Werkmoller, Sweeney, Ghegan ..... 7

Burian (Capt.), Givin, Clemence, Montanye, Whiting ..... 7

Growney (Capt.), Beals, Bissell, Vose, Welsby ..... 7

Krisman (Capt.), Pollack, Cohen, Smith, Straus ..... 7

Fuller (Capt.), Frederick, Murray, Weisner, Hene ..... 6

Meyer (Capt.), M. Meyer, Frankel, Wechsler, King ..... 6

Hunter (Capt.), Brown, Alexander, Farrell, Barber ..... 5

200 Point Club

Hank Gersten — 209

5 Point Club

With Hooker & Fay (Speciality in the Financial Community)

SAN FRANCISCO, Calif.—Benjamin C. Chapman has been associated with Hooker & Fay, 340 Pine Street, members of the New York and San Francisco Stock Exchanges. Mr. Chapman formerly was the securities department of Safe Deposit & Trust Company, Chicago, III.—John J. Keating has been added to the staff of C. F. Childs and Company, 141 West Jackson Boulevard.

C. F. Childs adds

CAROLINE A. LOUNT,_rp, 71 7th Ave., New York, N. Y.

New York: "K sake of the Fall, 1932," according to the New York Times, is the first American novel to be written by a woman after the United States entered World War II. The book, which was serialized in the New York Times from October to November 1932, was published in book form in 1933.

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Trust Investments During Transition Period

By MARCUS NADLER
Professor of Finance, New York University

After pointing out investment policies of trust companies are based on judgments which involve analysis of current economic forces, Dr. Nadler discusses business outlook and money and credit conditions, and the factors of liquidity, stability, and profitability of investment outlays. Foresees a downward trend of interest rates, accompanied by smaller demand for capital by the primary issuers. In 1954, healthy investment outlook for a higher level of business is good.

Introduction

Up to the outbreak of World War II, the habit and practice of the general public of buying and holding bonds was of serious concern, and many persons endeavored to overcome this difficulty through the acquisition of high grade preferred and utility common stocks.

At the end of the war the inflations that accompanied the demobilization during the war but which were held in check through prices administered by the government prior to the war. Commodity prices began to rise sharply with the termination of price controls. In 1948 the purchasing power of the dollar was by 42% lower than in 1939. This of necessity created a considerable change in the investment policies of trustees. Many of them realized that by merely preserving capital and not making a meaningful change in terms of dollars they did not completely fulfill their obligation as fiduciaries and investors.

The Situation Today

Economic conditions in the United States, as well as in other countries, are different from those which prevailed after the preceding World War II. The economic vacuum created by the war has been partially filled, and some of the conditions which have prevailed. The nation is on the point of growing wealth. Business in general requires new capital investment in new projects. The need for new capital investment is a constant, and not a diminishing, matter.

The balance of payments between the United States and the rest of the world has been in large part a result of a net outflow of capital from the United States, and the corresponding inflow of foreign capital to the United States. The balance of payments, however, has been in part a result of the fact that the United States is the world's leading industrial nation and the world's leading consumer of goods and services.

The United States, therefore, has a large balance of payments deficit, which results from the fact that the United States is a net importer of goods and services. The deficit is financed by the inflow of foreign capital, which is used to finance the purchase of goods and services from the United States.

The trend in the balance of payments is likely to continue, but at a slower rate. The United States is likely to have a smaller deficit in the future, due to the fact that the United States is likely to have a slower rate of growth of its economy.

The trend in the balance of payments is likely to be accompanied by a decline in the value of the dollar. The value of the dollar is likely to decline, due to the fact that the United States is likely to have a slower rate of growth of its economy.

The trend in the balance of payments is likely to be accompanied by an increase in the price level. The price level is likely to increase, due to the fact that the United States is likely to have a slower rate of growth of its economy.

The trend in the balance of payments is likely to have a considerable impact on the business outlook. The business outlook is likely to be adversely affected by the trend in the balance of payments, due to the fact that the United States is likely to have a slower rate of growth of its economy.

The trend in the balance of payments is likely to be accompanied by a decrease in the rate of interest. The rate of interest is likely to decrease, due to the fact that the United States is likely to have a slower rate of growth of its economy.

The trend in the balance of payments is likely to be accompanied by an increase in the rate of unemployment. The rate of unemployment is likely to increase, due to the fact that the United States is likely to have a slower rate of growth of its economy.

The trend in the balance of payments is likely to be accompanied by a decrease in the rate of savings. The rate of savings is likely to decrease, due to the fact that the United States is likely to have a slower rate of growth of its economy.

The trend in the balance of payments is likely to be accompanied by a decrease in the rate of investment. The rate of investment is likely to decrease, due to the fact that the United States is likely to have a slower rate of growth of its economy.

The trend in the balance of payments is likely to be accompanied by a decrease in the rate of consumption. The rate of consumption is likely to decrease, due to the fact that the United States is likely to have a slower rate of growth of its economy.

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SANTA FE WESTERN
GAS & OIL CORP.

| 299,925 Shares Common Stock | (Par Value $1 Per Share) |

Price $1.00 per share

The business of the Corporation will be to acquire, explore and develop oil and gas properties. Present properties of the Corporation are located in the Basin, New Mexico; Sandoval County, New Mexico; and Sandoval County, Kansas.

A copy of the Offering Circular covering the above issue may be obtained from:

Gearhart & Otis, Inc.
23 Trinity Place, New York, N. Y. 21

Please send me a copy of the above Offering Circular.

Name:

Address:

S. F. Exchange Member
Ronald E. Kaehler, President of the Exchange.

The annual report of Aetna Life Insurance Company shows that the total premium income, including affiliated companies, increased 14.7% to $26,089,896. Total life insurance in force increased to $13,368,000,000, an increase of $5,000,000. The total surplus of the stock department of the parent company increased by $9,580,866, after deduction of approximately $5,000,000 which was added to capital at the time of the parent company's 2009 dividend. 

The stockholders of Hartford Fire Insurance Company will vote at their annual meeting on May 25, 1954 on a capital increase which will enable the directors to declare a stock dividend of one additional share for each four shares held of record March 28, 1954. The stock dividend would be payable April 22.

Connecticut Brevities

Stockholders of Connecticut General Life Insurance Company will vote on May 25, 1954 on proposals to accept the charter changes passed by the State Legislature in 1953. These changes provide for an increase in the authorized capital stock from the present $29,000,000 to $50,000,000, and to cover its office from Hartford to another Connecticut jurisdiction. The Corporation has purchased land in Bloomfield and has indicated that a new office building is under consideration.

Cyril L. Cole joins Staff of Stolle, Baker

The Hartford Electric Steel Corporation has purchased the old Cotton Iron Foundry, 63 North Market Street, Hartford, for use as its headquarters. The company has expanded its facilities by adding new annuling furnaces, cleaning and inspection facilities, all of which will be useful in the control, devices will be added.

The Allard D. Cardwell Mfguring Corporation, member of the electronics industry, has been purchased by Chesapeake Industries. The name of the company will be changed to Cardwell will be expanded and new facilities will be added. The new name is expected to be increased by 50% within the next 18 months. Chesapeake has acquired Gernick Mfguring Company, which formerly controlled Cardwell.

The Verplex Company whose main plant is in Essex will soon open a factory at Paddock, California, which will operate as the firm's western division. The company produces lamps and lamphashes.

The Ballard Company, Bridgeport, produces of large machine tools, has embarked on a $2,000,000 expansion program. About 60,000 square feet of new plant is being erected and $3,000,000 will be invested in new equipment.

The annual report of Aetna Life Insurance Company shows that the total premium income, including affiliated companies, increased 14.7% to $26,089,896. Total life insurance in force increased to $13,368,000,000, an increase of $5,000,000. The total surplus of the stock department of the parent company increased by $9,580,866, after deduction of approximately $5,000,000 which was added to capital at the time of the parent company's 2009 dividend. 

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Money is meaningless ...
...unless it's in motion

Money in motion is money at work. The coins and dollar bills you handle every day have little or no worth in themselves. They have real value only as a medium of exchange for goods and services. A major force in keeping money in motion as a medium of exchange is consumer credit, or retail installment financing.

Consumer credit's service in raising this nation's living standards is immeasurable. It has placed the products of America within the financial reach of the men and women who make those products. You can see why Associates Investment Company takes pride in being one of America's leading providers of consumer credit—one of the world's four largest automotive time sales financing institutions.

Thousands of automobile dealers of the nation use Associates' service as an aid to selling, and still more thousands of buyers take advantage of Associates' retail installment financing to acquire ownership of automobiles and trucks. Dealers keep Associates dollars at work in yet another way, through the wholesale financing of their new car inventories and advances on their used car stocks. And beyond the multi-million dollars at work in the automotive field, further millions are poured into the economic stream through personal installment loans at the hometown Main Street level and through commercial loans to business and industry.

It's all money that flows, moves, functions—money with meaning. Associates is proud to be a part of an industry that performs a major service in helping to keep this nation's economy flowing, moving, functioning.

ROBERT L. OARE, Chairman of the Board

**CONCENTED CONSOLIDATED BALANCE SHEETS**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Dec. 31, 1953</th>
<th>Dec. 31, 1952</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH AND MARKETABLE SECURITIES</td>
<td>$66,684,776</td>
<td>$68,638,560</td>
</tr>
<tr>
<td>RECEIPTABLES:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail motor vehicle installation receivables</td>
<td>$434,574,458</td>
<td>$372,957,016</td>
</tr>
<tr>
<td>Wholesale motor vehicle short-term loans</td>
<td>44,610,537</td>
<td>46,960,479</td>
</tr>
<tr>
<td>Direct and personal installment loans</td>
<td>38,227,746</td>
<td>34,373,278</td>
</tr>
<tr>
<td>Commercial and other receivables</td>
<td>35,043,194</td>
<td>28,696,977</td>
</tr>
<tr>
<td>Less: Unearned discounts</td>
<td>11,890,358</td>
<td>10,392,105</td>
</tr>
<tr>
<td>Reserve for losses</td>
<td>$568,083,054</td>
<td>$443,762,352</td>
</tr>
<tr>
<td>Other Assets</td>
<td>6,668,544</td>
<td>4,877,945</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$68,638,560</td>
<td>$68,638,560</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>Dec. 31, 1953</th>
<th>Dec. 31, 1952</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOTES PAYABLE, short-term</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TERM NOTES DUE WITHIN ONE YEAR</td>
<td>11,700,000</td>
<td>—</td>
</tr>
<tr>
<td>COMMON STOCK DIVIDEND payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>January 4, 1954</td>
<td>1,406,462</td>
<td>—</td>
</tr>
<tr>
<td>ACCOUNTS PAYABLE, ACCEILLS AND RESERVES</td>
<td>33,192,386</td>
<td>29,234,615</td>
</tr>
<tr>
<td>UNPAID INSURANCE PREMIUMS</td>
<td>35,070,105</td>
<td>24,453,479</td>
</tr>
<tr>
<td>LONG-TERM NOTES</td>
<td>109,455,000</td>
<td>65,005,000</td>
</tr>
<tr>
<td>SUBORDINATED LONG-TERM NOTES</td>
<td>35,000,000</td>
<td>37,500,000</td>
</tr>
<tr>
<td>PREFERRED STOCK</td>
<td>9,700,000</td>
<td>9,800,000</td>
</tr>
<tr>
<td>COMMON STOCK</td>
<td>31,254,720</td>
<td>10,418,240</td>
</tr>
<tr>
<td>SUPPLIES</td>
<td>38,165,301</td>
<td>51,069,123</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>$68,638,560</td>
<td>$68,638,560</td>
</tr>
</tbody>
</table>

**CONCENTED CONSOLIDATED INCOME STATEMENTS**

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>Dec. 31, 1953</th>
<th>Dec. 31, 1952</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount, interest, premiums and other income</td>
<td>$91,674,908</td>
<td>$80,525,167</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>$62,350,906</td>
<td>$55,622,724</td>
</tr>
<tr>
<td>Net income before Federal income tax</td>
<td>$28,654,002</td>
<td>$24,912,463</td>
</tr>
<tr>
<td>Provision for Federal income tax</td>
<td>10,700,000</td>
<td>13,175,000</td>
</tr>
<tr>
<td>Net income</td>
<td>$15,150,000</td>
<td>$11,737,463</td>
</tr>
<tr>
<td>Consolidated net earnings per share of common stock after payment of preferred dividends</td>
<td>$4.19</td>
<td>$3.62</td>
</tr>
</tbody>
</table>

*Adjusted for 3-for-1 stock split effective March 27, 1953

Associates Investment Company
Associates Discount Corporation
Emmco Insurance Company

South Bend, Indiana

COPIES OF THE 1953 ANNUAL REPORT ARE AVAILABLE ON REQUEST
Railroads Shackled by Outmoded Regulation

By WILLIAM WHITE
President, Federal Reserve Bank of St. Louis

The Commercial and Financial Chronicle
Tuesday, February 15, 1954

The recent policy of the government with respect to federal aid for transportation has been one of steady and steady reduction in the amount of help. As a result, the railroads, who are in a precarious financial position, have been forced to cut back their operations and services. This has led to a decline in the efficiency of the railroads, which in turn has led to an increase in freight rates. The government should consider extending federal aid to the railroads in order to help them weather this difficult period.

The railroads are facing serious financial problems due to the decrease in government aid. They need additional funding to maintain their operations and services.

The railroads have been asked to reduce their freight rates, but they cannot do so without incurring losses. The government should consider providing additional funding to the railroads in order to help them weather this difficult period.

The government should consider extending federal aid to the railroads in order to help them weather this difficult period. This will help to ensure the continued operation of the railroads, which are an important part of the national economy.

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Only consistent power steering on the map

The power steering in your Plymouth, Dodge, De Soto, Chrysler, or Imperial is not here-at-this-speed, gone-at-that. It instantly lifts the weight of the car from your arms...coupling astonishing lightness with solid road feel. It takes away 80% of the steering effort at all times. And, because it is consistent full-time power steering, operating every moment you drive, it becomes safely familiar, as much a part of your driving as your eye on the road. You always know what your wheel will do, at any moment, at any speed, even in loose gravel or snow. This intimate knowledge of your car in motion makes for driving that is alert and yet relaxed. Power steering at its polished best is one of the matchless features of the glittering new Chrysler Corporation '54's. Won't you come in?

Plymouth • Dodge • De Soto • Chrysler • Imperial—Dodge Trucks, Chrysler Marine & Industrial Engines, Oilite Metal Powder Products, MoPar Parts & Accessories, Airtemp Heating, Air Conditioning & Refrigeration, and Cyclwed Cement Products.
Reflections on the Guaranteed Annual Wage

by SUMNER H. SLICHTER

Lamont, Harvard University

The traditional meaning of the guaranteed annual wage is in, and the employers covered by the guarantee will be forced to pay a guaranteed annual wage in two ways: (1) the employer must have control of the number of jobs in his plant, and to some extent control of their duration; (2) the employer must have control of the amount of reserves accumulated to implement the wage plan. Points out under what conditions widespread adoption of the guaranteed annual wage might occur, and analyzes labor unions' proposals to have employers supplement unemployment benefits. Concludes a better plan would be to liberalize state unemployment compensation.

I. MEANING OF TERM

The traditional meaning of the guaranteed annual wage is in, and the employers covered by the guarantee will be forced to pay a guaranteed annual wage in two ways: (1) the employer must have control of the number of jobs in his plant, and to some extent control of their duration; (2) the employer must have control of the amount of reserves accumulated to implement the wage plan. Points out under what conditions widespread adoption of the guaranteed annual wage might occur, and analyzes labor unions' proposals to have employers supplement unemployment benefits. Concludes a better plan would be to liberalize state unemployment compensation.

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If your name is Smith...

If your name is Smith, and you find yourself introduced every so often as Jones, you doubtless want to set the record straight. Not that there's anything wrong with the name Jones, but you'd much rather be known by your own name.

Well, Socony-Vacuum finds itself referred to every so often as a Standard Oil Company. And we'd like to set the record straight. We are not a Standard Oil Company, though we once were—a long time ago.

The Socony-Vacuum Oil Company resulted in 1931 from a merger between the Standard Oil Company of New York and the Vacuum Oil Company. There is no longer any Standard Oil Company of New York, and Socony-Vacuum no longer uses the words Standard Oil to identify its products. We and our subsidiaries have as our emblem the Flying Red Horse, and our principal products are Mobilgas, Mobiloil and Mobilheat.

It is a fact that many years ago—before most of you had ever bought a gallon of gasoline—Vacuum Oil, Standard of New York, and some other oil companies were a part of the old Standard Oil Trust. That trust was dissolved in 1911 by the Supreme Court, and all of the companies composing it were launched on their separate and independent ways. We now find in them some of our most aggressive competition.

None of the officers or directors of Socony-Vacuum or its subsidiaries is an officer or director of any Standard company. And none of their officers or directors is connected with Socony-Vacuum.

There isn't anything wrong with the name Standard or the name Jones. But like the fellow named Smith, we just wanted to set the record straight. We're the Socony-Vacuum Oil Company—an independent enterprise, strictly on our own.

SOCONY-VACUUM OIL COMPANY, INC.
Makers of Mobilgas and Mobiloil
The Market... and You

By WALLACE STEETE

The play in a handful of special situations simmered down this week, with brokers pointing some of interest that all but obscured a market that, generally, was a dull affair. Against the inflationary suspicions in special situations had run its course, the list lagged into the worst one-day activity in a time and a trim of almost three points in the industrial index.

It wasn't particularly ominous that the list was able to back up rather easily. The reinvestment demand in January had added some 14 percent to industrials and around nine points to the rails. Even the slow-moving utilities had taken the possible of points to reach levels not seen since 1931. After such an achievement a bit of reaction is normal. Particularly is February is by tradition the year's poorest month and tax time, which usually withdraws funds from the market, is approaching. In addition, on a technical basis there are support levels near by which, if they hold, will minimize any temporary setback.

The Excitement in Chicago and MOP

Biggest excitement was that in New York Central. The stock was bought actively once a pitched battle was set in, with Robert R. Young, of Allegheny Corp., in the corner and the present management in the other, vowing a bare-fisted fight with him. Undoubtedly the pressure was being by the embattled interests, but there was a rather congested group of free riders in the market too on the beautifully simple logic that with two powerful factions looking for the votes the stock carries, the only possible issue could go was open. Opening the issue on any trading day became something of a chore, one delay running close to two and a half hours before the balance was struck. But when the buyers stopped aside briefly, the worry showed up quickly which, too, is one of the hardest challenges the issue has had this year.

First of Arizona Co.

Invest. Formed

(Special in The Financial Chronicle)

PHOENIX, Ariz.—The First of Arizona Co., Inc. has been formed with offices at 8720 E. Camelback Rd., in Phoenix. C. Rogers is a principal of the firm. His Rogers has recently been President of Kirby B. Valenzuela & Co. and prior thereto was a director of Woodward, Rogers & Zober.

A. N. Schwartz Co. Opens

WASHINGTON, D. C. — A. N. Schwartz & Co. & Co. with offices in the Union Trust Building, to engage in the brokerage business.

Midwest Exch. Member

CHICAGO, Ill.—The Board of Governors today elected Kenneth A. Fuller, of The Commercial Bank, Inc., Muncie, Ind., to membership in Midwest Stock Exchange.

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recently. The higher dividend for du Pont provided little in the way of a lift, at least when measured against some of the other gains it believed merely on hopes in recent weeks. General Electric, which was clipped by profit-taking occasionally but only after a day of outstanding strength, put two sizable losses back to back for one of the more disappointing performances.

* * *

Chrysler, too, continued to find the going heavy. Declaration of the regular quarterly payment, which was a bit unexpected in some quarters, didn't generate any special popularity for the issue which is selling at a 10% yield and indicating some rather widespread doubt over the size of the next payment. The yield is roughly double that of other issues in the quality section of the list. The price, so far—is about similar to that of Studebaker where a couple of regular dividends were declared, surprising the Street, before the inevitable cut came along. The difference is that Studebaker's dividends weren't covered by the earnings while those of Chrysler have been amply covered thus far.

* * *

Tobaccos Go Downhill

The cigarette shares, too, seem unable to build much investor confidence. There isn't any conclusive proof yet that all the discussion over tobacco and lung cancer has cut smoking on any widespread basis. But the fact that the discussion is also a lively one overseas is taken as a signal to unload and no less than American Tobacco, Liggett & Myers and Philip Morris all reached new low territory simultaneously, a ratherconcerted drive downhill.

* * *

Chemical issues were more of a puzzle. Despite the obvious benefits for them in an end to the excess profits tax, and their premiere position as the growth industry of them all, the shares have had little in the way of a following to sustain them recently. They have, consequently, been able to slide easily on weakness in the market generally and efforts to recoup the lost ground have been labored ones.

Technical Aspects

Technically, the market is still in middle ground. Any reaction after the new high of 294.03 for a score of years that was recorded early this month could get a testing at around the 285 level. Incidentally, several of the other stock averages have yet to accomplish the break-out and confirm the new high of the Dow industrial measurement. 

Rails have failed to take dip to the 100 level, which is over the leadership right a couple of points below the along, and were still dawdling poorest of this week, without some nine points below the technical indications. The majority trials broke out. They could opinion, barring any unforeseen developments, is that the two major groups might well rest these levels before any worthwhile advance is carved out. This is especially true in view of the income tax weight, shortly to be felt.

[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.]

A REPORT to our nine million policyholders who have added to their personal and family security through

John Hancock life insurance . . .

STATEMENT OF FINANCIAL CONDITION, DECEMBER 31, 1953

ASSETS

<table>
<thead>
<tr>
<th>Bonds</th>
<th>United States of America</th>
<th>Long term</th>
<th>$2,613,305,617</th>
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<tbody>
<tr>
<td></td>
<td>Short term</td>
<td></td>
<td>4,997,596</td>
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<td></td>
<td>Dominion of Canada</td>
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<td>12,454,653</td>
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<tr>
<td></td>
<td>State and other civil division</td>
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<td>117,979,155</td>
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<td></td>
<td>Railroad</td>
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<td>Public utility</td>
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<td>Industrial and Miscellaneous</td>
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<td>766,579,161</td>
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<td>Preferred or Guaranteed</td>
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<td>Common</td>
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<td>Mortgage loans on real estate</td>
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<td>Real estate</td>
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<td>Home office, Housing and other properties acquired for investment</td>
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<td>68,027,572</td>
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<tr>
<td>Foreclosed properties</td>
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<td>Loans and liens on Company's policies</td>
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<td>102,313,156</td>
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<td>Cash in banks and offices</td>
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<td>Premiums due and deferred</td>
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<tr>
<td>Interest and rents due and accrued</td>
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<td>32,392,769</td>
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<tr>
<td>Other assets</td>
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<td>8,774,139</td>
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<tr>
<td>Total Assets</td>
<td></td>
<td></td>
<td>$3,852,115,520</td>
</tr>
</tbody>
</table>

OBLIGATIONS

| Statutory policy reserves | $3,021,421,016 |
| The amount determined in accordance with, legal requirements which will, with future premiums and interest, assure payment of all future policy benefits. |
| Policyholder and beneficiary funds | 260,105,541 |
| Proceeds from death claims, matured endowments and other payments, including dividends left with the Company at interest. |
| Dividends payable to policyholders in 1954 | 54,807,083 |
| Policy benefits in process of payment | 28,246,850 |
| Including claims in process of settlement and an additional sum for claims not yet reported. |
| Other policy obligations | 79,545,265 |
| Premiums paid in advance of due date | 54,045,265 and reserve for ultimate changes in policy valuation standards | 45,500,000. |
| Mandatory security valuation reserve | 30,060,776 |
| As required by the National Association of Insurance Commissioners. |
| Accrued taxes payable in 1954 | 13,889,000 |
| Other obligations, including accrued expenses | 26,950,454 |
| Total Obligations | 5,515,026,645 |

SURPLUS TO POLICYHOLDERS

Contingency reserve for Group Insurance | 10,295,000 |
Contingency reserve for fluctuation in security values | 49,360,000 |
General surplus | 279,083,957 |
Total Surplus | 337,688,875 |
Total Obligations and Surplus | $3,852,115,520 |

All securities are rated in conformity with the laws of the several States and as prescribed by the National Association of Insurance Commissioners. Securities carried at $100,650 in the above amounts are deposited for purposes required by law.

DIRECTORS

Charles L. Ayling | Paul F. Clark | John M. Hancock | Samuel Pinanski
Guy W. Cox | William M. Rand | Ralph Lowell | Philip H. Theopold
Carl F. Donsett | Edward E. Cagle | Karl T. Compton | Olen E. Anderson
Albert M. Creighton | Daniel L. Marsh | Thomas D. Cabot | E. Taylor Chewning
Joseph E. O'Connell | Byron K. Elliott | Merrill Griswold | Edward B. Hanify

John Hancock

MUTUAL LIFE INSURANCE COMPANY
BOSTON, MASSACHUSETTS

A COPY OF THE COMPANY'S COMPLETE REPORT WILL BE SENT ON REQUEST
Shifts in Bank Deposits: 1940-53

By Morris A. Schapiro
M. A. Schapiro, New York City

Bank stock analyst traces shift in growth of bank deposits toward the West and South away from metropolitan centers. Points out social, economic, and political changes, accelerated by industrial decentralization and population shifts, have brought about this trend of traditional banking and, therefore, the classification of New York and Chicago as Reserve Cities, in which banks are required to hold higher cash reserves, is no longer warranted.

The growth of bank deposits throughout the nation since 1940 present a spectacular picture, despite the trend by which the money stock of the country's institutions has increased at an annual rate of 6.5% higher than that of the bank stock portfolios. In line with this trend, Massachusetts depository institutions have already been permitted to permit savings bank investment in shares of out-of-state banks.

Growth Since 1940

Since 1940, deposits of all member banks have grown $91.4 billion, or 143.0% in 1953, an increase of 172.9% over the 1939 level of $53.1 billion. Total deposits increased $73.9 billion. Since 1940, 57.7% of national growth in deposits has occurred in the country's eastern states, while deposits in the South and West each increased 40%.

Central Reserve Classifications

New York City and Chicago banks were classified Central Reserve cities, because they were then truly "central" banks, in the sense of controlling and holding the bulk of the reserves in the country. This historical function has now become less important because too many banks hold most of the cash reserves in the banking system. Social, economic, and political changes, accelerated by industrial decentralization and population shifts, have altered the relative positions of major banking centers.

The bulk of inter-bank balances is no longer held by New York and Chicago banks. The inter-bank balances handled by all banks in the country have increased 91% since 1940, from $8.9 billion to $17.0 billion. The proportions held on June 30, 1953, 1940, and 1939 are as follows: New York City central reserve member banks, Chicago, 24.0% to 22.2%; Reserve city member banks, from 70.0% to 69.7%; and Reserve city members, from 6.0% to 5.8%.

The Reserve City group showed that deposits in New York City increased $37.5 billion, or 165% in 1940 to 31.5% in 1953. The total deposits increased $21.3 billion. The Reserve City group, however, suffered a decline of 6.0% in deposits for the same period.

Further, in New York City and Chicago, inter-bank deposits have shrunk in their relative role to deposits. The growth of deposits is a consequence of the Federal Reserve Bank of St. Louis

Bank Holding Companies

1. Transmerchants Corporation
2. Northwest Bancorporation
3. Missouri Bankshares Corporation
4. Wisconsin Bankshares Corporation
5. National Union Corporation
6. Bankers Trust Company
7. Guaranty Trust Company
8. Manufacturers Trust Company
9. Chemical Bank & Trust Company
10. The Guaranty Trust Company
11. Trinity Bank & Trust Company
12. Irving Trust Company

Banks

1. Manufacturers Trust Company
2. Chemical Bank & Trust Company
3. Guaranty Trust Company
4. Trinity Bank & Trust Company
5. Irving Trust Company
7. National Bank of Commerce

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3. Guaranty Trust Company
4. Trinity Bank & Trust Company
5. Irving Trust Company
7. National Bank of Commerce

Deposit Growth in 37 Selected Reserve Cities

Deposit growth in 37 selected Reserve cities since 1940 shows that total deposits in 23 of these cities increased by 100% or more in the period. Twenty-five of the cities increased their deposits by more than 50%.

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The Aircraft Manufacturing Industry — A Look Ahead

H. M. Homer
President, United Aircraft Corporation

Aircraft manufacturing executive reviews situation in the industry, and contends there will continue to be a heavy demand for military aircraft, due to obsolescence of old models and the fact that new companies have entered the field. Federal Reserve Bank, while not on record as stating that all military aircraft and commercial airplanes look bright, pointed out that the military branch is much brighter than the commercial one.

I did a considerable amount of preparatory reading in preparation for this address, and I was surprised to find that the situation was not as good as I thought. I assume that what you are about to hear me to do was, to gaze into a crystal ball, but neither the crystal ball nor my background research can do that. For instance, I cannot predict whether or not the demand for commercial aircraft and commercial aviation looks bright.

First, to bring the military aircraft market.

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...
A Reappraisal of the 1954 Business Outlook

By KENNETH D. ROSS

Levin & Farnham, Investment Counsel

Mr. Ross, stating that it is inconceivable investors would bid up stocks, as they have done in last few months, if they shared fears of a deep depression, discusses what may be the bulwarks against an economic collapse. Sees Federal Budget situation as very bad, but believes which consumption expenditures will be almost as large as last year, there will be less purchasing on credit and a drop in durable goods. Sees automotive and construction declines continue.

Stresses current favorable financial climate as sustaining force, while picturing inventory situation as uncertain element. Does not look for a quick recovery.

As you know, Colin Clark last week delivered a very pointed announcement that the United States faces a serious business recession. The British economist about a year and a half ago made a forecast in the Monthly Review of the "Federal Reserve Bank of St. Louis" and a recent "Guardian" appearance which seems reasonable if the Communist's do not make the same mistake. This indicates that the spending in the fourth quarter of this year will be about $3 billion below the current annual rate. Defense spending does not believe it will be possible to hold other expenditures to the present level. On the contrary, I believe it is not quite as low as it appears. The first quarter figures contain assets owned by the RFC and other agencies. In addition, the association, to cause the banks to carry Commodity Credit Corporations (CCC) and RFC stocks, will have the effect of raising some of the rates. These rates are deductible, but they do not have the same economic effect as real expenditures in spending.

Obvious that the stock market agrees with this majority view. It is inconceivable that investors would bid up the price of stocks as they have done in last few months if they shared Mr. Clark's fears.

Nevertheless, Mr. Clark's reputation is so great that I must take the liberty of bringing up his conclusions. Is it possible that the situation is desperate and that the government is being advised to pass a real depression. However, most of us maintain that there are also important elements of strength in the situation and that these can be relied upon to prevent the disaster that Mr. Clark foresees.

This is a very conventional recession. What can be made the reappraisal since it is based on the knowledge of the trend and spending plans of the Eisenhower Administration is now at hand.

Budget Aspects

In the budget presented last week, consolidated cash receipts balance expenditures for the fiscal year to end June 30, 1955, are expected to be in the current fiscal year and 1955-56 is expected to be called budgetary deficit in both periods, but it is off balance. It does not include the transactions of the trust funds and the surpluses of the trust funds and the surpluses of the trust funds and the surpluses of the trust funds.

Receipts and expenditures are both to total $75 billion in the current fiscal year and $80 billion in the current fiscal year 1954-55 is $71 billion and expenditures are also to be reduced to $71 billion. This amount of $10 billion reflects what will go on in defense and related activities. The $71 billion will be devoted to national defense spending is proposed.

"An address by Mr. Ross before the New York Society of Security Analysts, 1954."
Economic Progress Of the Free Nations

By HAROLD E. STASSEN

The Foreign Operations Administration in President Eisenhower's Administration, in the Executive Branch, is engaged in economic programs of a major importance and urgency.

Economic progress of the free world in 1953 and 1954 is being appraised in the light of several factors: (1) the favorable developments in Europe, Latin America, and Africa; (2) the re-establishment of world trade; (3) the re-establishment of world production, and the military development of the Soviet Union.

The economic developments in the free world in 1954 are significant because they have established a basis for a new economic era. This era will be characterized by new opportunities for economic growth, new opportunities for economic development, and new opportunities for economic progress.

The developments that have occurred during 1953—this year of restoration and recovery—are very encouraging. The economies of the free world have recovered from the effects of the war and the depression. The economies of the United States and other nations are showing signs of economic improvement.

In conclusion, I should like to say that the economic progress of the free world in 1954 is the most promising development of the year. It is a development that will have a significant impact on the future of the free world.
Consumer Credit—A Dynamic Force in American Banking

By PHILIP WOOLCOTT
Chairman, National Credit Conference, ABA
President, the Bank of Asheville, Asheville, N. C.

Mr. Woolcott points out that despite indications of reduced consumer earnings and an upward trend of consumer credit, banks in this class of credit have shown substantial increases in earning power. What has happened, he says, is that the credit policies of the banks have changed, and common sense dictates that bankers should stick to a specific and sound loan policy, regardless of pressures of competition. Loans count. They are a substantial part of consumer credit in national economy. Urges banks to recognize their responsibility to meet credit requirements of consumers and therefore to broaden their lending activities.

One of the jobs of the Installment Credit Conference of ABA is to review from time to time economic and business conditions affecting this line of credit and to give member banks the benefit of this review. Until recently, it appears, the banks had enjoyed a long period of years in which expansion in the volume of installment credit was relatively simple and easy. This period of rising economic prosperity, as usual, was a period of rapid change. In a relatively short time, there were very few problems of any real importance to both credit men and the wisdom of their banks' credit policies. But that condition is changing for the past year, and more sharply, for the past few months as far as credit extension is concerned.

Last year, the Installment Credit Conference of the American Bankers Association held a meeting to feel that the statistical data gathered by various supervisory agencies were inaccurate and generally too late to be used as the sole basis for determining changes in credit policy. A need was felt for some more up-to-date method of gathering fresh information at the grass roots, directly from bank offices throughout the entire country, and in regional or national units rather than in any countrywide total. The Advisory Board of the Installment Credit Conference was formed to gather such information. Two bankers from each state, irrespective of local business and economic conditions, as well as being leaders in the consumer credit field, were appointed to the Advisory Board. The state members in each Federal Reserve District elected one of their members district chairman. Last fall, these 100 bankers went to work, each in his own back yard, to learn all they could, through personal contact, with other bankers and businessmen, about current business and economic conditions in their states, with particular emphasis on credit policies. In all, each one included a careful survey of installment situations of dealers, and the Installment Credit Conference was then in a position at the meeting of the Advisory Board held in Washington in November. Following these reports, the group met with the Advisory Board and its associates in the Federal Reserve System and together with them exchanged this grass-roots, first-hand information.

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B. WINTHROP PIZZINI
Fortune, July 25, 1960, p. 116

Leeco-Neville Company
Every one in awhile we read about a government agency that has staked a research and engineering dollars into these departments, and we are led to believe that the products and ideas that result will improve upon competitors. In fact, the leading companies in the field are great leaders in the field of research and invention. This is because the leaders are those who are leading companies, and the leaders of the companies are those who have the confidence of their employees. For example, the Leeco-Neville Company, which has been producing electrical equipment for over 50 years, is a great example of a company that has taken the lead in the field of research and invention. The company's success can be attributed to the fact that it has always been willing to invest in new ideas and technologies. In fact, the company's first product was a battery for electric cars, and it was this product that established the company's reputation in the field of electrical equipment.

D. B. W. PLASTER
The Security I Like Best

Plant facilities fully depreciated during the war. The company estimate that the increase of $14.47 per share, if we add back the plant facilities fully depreciated during the war, will bring the stock up to 30 cents. Nearly all the business and financial proph-ecies that have been made about the company's future have been based on the assumption that the stock price will not go above 30 cents. This is because the company's earnings have been so low that it is impossible to get a good return on the investment.

Mr. Babson lists reasons as reasons for the business future: (1) there is more money and there are more people; (2) if the administration policy is one of liberal high; and (3) the caution voiced by weighing words and skepticism of the future may furnish an element of psychological strength, which, if established, may prevent real trouble.

While so many forecasts for 1964 are interesting, I am afraid as many economic forecasters are fearful as are hopeful. I think we should look at them in the proper faith in our country and our world. In the first place, there are many things that are hard to get money to. I repeat what I have said before: the 'top 50% of our families' is a very well-read and thoroughly correct idea, amounting to staggering $97 billion. This is more than the war debt in 1945 and more money in savings accounts than ever before. We have now the problem of the settlement of debts on cars, refrigerators, and television, but the sale of rails has not yet been done. Moreover, these deficits cannot be written off as "paper" and the price of gas will always be a good investment. So long as one is employed, money should be very safe. In short, there is still plenty of purple power never was greater.

Second, our swift rising population in the United States through the first half of the 1930s is one of the greatest phenomena of this country. It is here that the "boom" may come. The new population is still bright for families with children who will work hard and use any idle time to study and to build up physical and spiritual health.

Third, the liberalization of the thinking of the future. If the government should help hold our economy high. For example, the company has earned the hard money credit; it has been taxed. This is really the case? The only answer is that the government is under way. This Administration is prepared to go further with higher minimum wages, reasonable aid to the farmer, and even more and broader social benefits and security.

Fourth, the millions of warning words and the current skepticism of the future which many economists are afraid of is a matter of the future. What is the good of a business that has had its share of ups and downs? What is the good of a business that has always been in the black? What is the good of a business that has had its share of ups and downs? What is the good of a business that has always been in the black? What is the good of a business that has had its share of ups and downs? What is the good of a business that has always been in the black? What is the good of a business that has had its share of ups and downs? What is the good of a business that has always been in the black? What is the good of a business that has had its share of ups and downs? What is the good of a business that has always been in the black? What is the good of a business that has had its share of ups and downs? What is the good of a business that has always been in the black?
Facts That Spell Out Future Sales

By STANLEY C. HOPE*

President, Esso Standard Oil Company

Large petroleum company executive, in commenting on forecasts of a depression, finds there are many positive factors which are likely to maintain a high level of business. Looks for only a slight decrease in the volume of sales, as a result of all efforts by producers and distributors to dispose of increased output in one of the most competitive periods in American business history. Considering consumer demands due to rapid population growth, war, and new industrial growth and rising standards of living, he sees no reason why the efficient producer and the market-wise distributor should not look forward to a high level of business and good profits.

I do not intend to go into an exhaustive discussion of the forecasts made by the gentlemen whose business is to look down the trends of the market, analyze them, and decide where these trends have led us. The point I wish to make is that my opinion needs necessarily be looked upon as a sort of back-ground of the past and the general mood of our time. The picture of 1955 is fresh in our minds and it is well to keep in mind that if it is a good year for the Department of Commerce, it is also a good year for the national product at $267 billion. Even the United States in America that is still in the doldrums. Anyone looking at this picture and trying to figure out what we may be doing in the immediate ahead might be forgiven for thinking he is a mountain climber who, having finally reached the peak, knows that there is but one way—down and that down. Fortunately for us in America, the industry analogy does not hold. Just as only a few years ago no one would have thought to forecast the height of the business in 1935, in no one can forecast with any assurance the state of our industry even a few years hence. It seems likely that we will see still further increases in our industry.

The weight of economic opinion seems to be that industrial activity will not be reflected in the returns of the board index, but will show up in the gross national product. This may be the case, but it is by no means certain that the growth of the gross national product will not be affected by the industries of our own making. It may well be that the growth of the national output will be due in part to the increased efficiency of the industries we have created. It may be that the production of goods and services will reflect the progress of our economy in the years to come.

Optimistic Factors

There are a great many factors on which the future of business looks bright. First, in our history there have been periods of great growth and we are now in one of these periods. The population of our country has grown at a much faster rate than the population of many countries in the world and this growth has been reflected in increased prosperity of all kinds. Never in our history have per capita income and gross national product been as high. This is due in part to the increased efficiency of the industries we have created. It is by no means certain that the growth of the national output will be affected by the industries of our own making. It may well be that the production of goods and services will reflect the progress of our economy in the years to come.

The need for new school construction, for new highways and new homes, for new schools and new homes, and the increased demand for food and clothing, will continue to be satisfied in the near future. Out of all the woters of figures that go to make up the total picture of the future, there seems to be little doubt that our country will be better off in the future than it was in the past. With a population of 6 million, we can expect to have that same ratio of population to the total output of our country. The number of people we have today in this country is not going to increase very rapidly in the near future. With the growth of the population, we have had an increase in the income of our farmers, and we have also had an increase in the income of our manufacturers.

A Period of Rolling Adjustments

Many forecasters and businessmen have been surprised at the trend of events and it seems to be one of the most important factors that affect our economy. The trend of events seems to show that we are going through a period of readjustment. This readjustment is not only going to affect our industries and our country, but it is also going to affect our economy as a whole.

Some of the most important factors that affect our economy are the changes in the population, the changes in the income of our farmers, and the changes in the income of our manufacturers. The trend of events seems to show that we are going through a period of readjustment. This readjustment is not only going to affect our industries and our country, but it is also going to affect our economy as a whole.

It seems to me that the period of readjustment is one of the most important factors that affect our economy. The trend of events seems to show that we are going through a period of readjustment. This readjustment is not only going to affect our industries and our country, but it is also going to affect our economy as a whole.

*An address by Mr. Hope before the American Management Association in New York City, Jan. 27, 1954.
Six million dollars is estimated to be required. The project is expected to be completed in 1952. It will consist of two bridges, one across the Harlem River and the other across the East River. Both bridges will be connected by a new tunnel running under 125th Street, which will replace the old 127th Street Bridge. The new tunnel will have four lanes, allowing for both local and through traffic. The bridge and tunnel will provide a much-needed solution to the growing problem of traffic congestion in New York City.

J. Marvin Marbold Co. Formed in Galveston

GALVESTON, Tex.—J. Marvin Marbold has formed J. Marvin Marbold and Company, a real estate exchange building in partnership with John B. Armstrong. The company will deal in listed and unlisted securities, real property, and other investments. Mr. Marbold was formerly for many years a principal of the Kohn, Kohn & Gertsch firm. He will maintain a branch in New York City under the management of Mr. Brandon-Wenger.

Securities Salesman’s Corner

By JOHN DUTTON

Prospecting Is Basic!

PART II

This is the concluding article in the series, part II of which appeared in the Feb. 11 issue. It looks at the ideas involved in the process of obtaining new accounts for salespeople.

The daily newspaper can supply you with names of prospects, but in order to obtain radiation from them you must complete their journeys by some other means. People take such things as dependable investment offers, and the opportunity to talk with a trusted financial advisor.

Never discuss engagin’s private business with another person. If asked, politely decline. People will place confidence in you if you never reveal, an other’s affairs.

Retired people make excellent prospects. Often you can spend a good deal of time talking to them. Be patient with them. Many a man has seen old friends pass him by because he has retired and wants to talk. He likes those who will listen to him, and if Mr. Moorman of some very large social groups, he is convinced just because a salesman was willing to sit and listen and show to his welfare, retired people tell him how good they were when they were working. He didn’t try to show them how good they were when they were working, he just showed that he was getting started and they came through. They practically built their own salesmen, their own referrals.

Women are good clients. Use the female sex instinct for the opportunity of exploiting your knowledge.

Professional people are good prospects. They will approach you at a favorable time and make you feel welcome. They will hold an interview. Best time for doctors, at luncheon, or before they close their offices for the day.

Never cater to unsound prejudices. Many want to talk about the track, politely but firmly bring him around to the proper understanding. You can only establish a sound business relationship through the careful understanding of minds and mutual respect.

Keep prospects in mind. You can make friends of them by using the “law of growth.” That law is—people will spread the word to people through people. It is common practice to want to fill all kinds of interests applied to salesmanship.

Gail Borden Opens

JERSEY CITY, N.J.—Gail Borden is in the securities business from offices at 214 Broad Street. He was formerly with the First New Jersey Corporation.
U.S. Should Aid, But Not Force, Currency Convertibility

BY LAMAR FLEMING, JR.*

Member, Commission on Foreign Economic Policy

The commercial and financial chronicles of the world have an invariable course is for this country to work for enlargement of world production and the international flow through trade of goods, capital, and men. The Commission on Foreign Economic Policy was chartered in 1948 by the President to hold hearings on these problems and to report its findings to the President before the first session of the Eightieth Congress. The Commission was composed of five Senators and five Representatives (three Republicans and two Democrats), two leaders of the United Nations, and two American business leaders. We were aided by a Research Staff of very able economists. An additional staff group was engaged on a fine and American Commission, but I must warn that there was an exhilaration and privilege which always will cherish; and I so feel it in preparing this report. The Commission included men of diverse shades of thought, prediction, direction, and interpretation. We, in the course of give-and-take, produced a report which was not unanimous. Of the seventeen members approved without general dissent, each of us, except the two dissenters, inserted comments or dissents appreciable though not always to the substance in the report. In the work of the Commission, I have been impressed again with the special privilege of our country. Our National Economy Geared to Foreign Trade

The first of these is that our national economy has been geared to a tremendous export trade, which accounts for two-thirds of our gross national output. Our economy of one of our lines of products is geared to the big post-war needs of the outside world and the low productivity of the war-time nation. This is clearly shown by the billion dollars per year, which thus far has been cut off by grants and loans for foreign aid, financial aid, and expenditures of all kinds, including reparations and the costs of various kinds, at the expense of our trade balances.

By now, the emptiness of foreign cupboards has been repaired and the trade balances of many foreign nations have been restored and are now flowing back toward the industrial lines. The taxpicture report, the Commission on Foreign Economic Policy, presented its findings to the President in the month of May, 1948.

The Commission was presented by Mr. Fleming, at the National Commission on Foreign Economic Policy, at the American Council of America, on February 15, 1948.

U.S. Should Aid, But Not Force, Currency Convertibility

BY LAMAR FLEMING, JR.*

Member, Commission on Foreign Economic Policy

Public Member of Randall Commission describes U.S. leader¬ship role in affairs of world. The Commission's Report was released June 15, 1948, and it is hoped you will now have an understanding of the situation and why we have not done so.

The Commission included men of diverse shades of thought, prediction, direction, and interpretation. We, in the course of give-and-take, produced a report which was not unanimous. Of the seventeen members approved without general dissent, each of us, except the two dissenters, inserted comments or dissents appreciable though not always to the substance in the report. In the work of the Commission, I have been impressed again with the special privilege of our country. Our National Economy Geared to Foreign Trade

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Foreign Investment

To any new foreign investment, I believe the activities of governmental agencies such as the Export-Import Bank and the International Bank for Reconversion and Development must be regarded as a temporary and imaginative effort to hold over upon any long period. Anyhow, when the war is over, the tax will be the taxpayer; it always will be the accumulator of personal income. Many of the countries that are available for investment anywhere on this Earth, in which he buys stock or accumulates real estate, are available for investment anywhere for the people. All the activities of the current war, the desire for safety, gain, equitable treatment, and convertibility of paper money, are going to be left behind. An accumulation of personal income would be left behind on the war. The fact that we will have to use much money and escape from the war. We are going to keep the idea of the war.

The ability of their convertibility is the major element in the world's financial system. The decisions of the countries and the multitudes of the World have been generally reconvertible. The advantage of our country's convertibility is to be a primary ingredient of a more stable and stable convertibility. A return of the World's key convertibility to convertibility would be the prime ingredient of a more stable and stable convertibility. The conversion of the earnings of international investments. Moreover, the return of convertibility would be a big step in the return to the normal tradition of this country in which we have looked the world in our trade.

Governments suspend convertibility of their currencies only when they feel too much risk in being come unenforceable; and so return to the stability of that stability. When currencies are stable, the citizens practice nor among other countries are some of the worst. When the currencies become unconvertible, when the banks, balances, bonds, and money are so-called, a general result is a diminished incentive to lend or lend to the United States. The excess of our citizens' risk in a time of uncertainty to lend to the United States.

This condition has developed a pool of liquid savings which otherwise would serve as working capital. A sizable return to convertibility and convertibility would be the prime ingredient of a more stable and stable convertibility. The convertibility of the earnings of international investments. Moreover, the return of convertibility would be the major instrument in the return to the normal tradition of this country, and so civic and corporate borrowers.

Mortgage Money to Be Ample, Says Bogen

New York University Finance Professor Julius Bogen, who is the Treasury's leading economist, has learned that it is not practical for it to compete with private borrowers on a large scale.

An ample supply of mortgage funds is assured for the indefinite future by a number of factors, including the factory experience of the Administration of the

The National City Bank of New York announced on Feb. 15 that it had acquired the American Bank and Trust Company of Chicago for $500,000 effective Feb. 1.

The First National Bank of Round Brook, N.J., was increased its capital stock from $6,000,000 to $7,000,000 by a stock dividend.

Fidelity Trust Company, Indianapolis, Ind., Central State Bank, Peoria, Ill., and the Western State Bank, Indianapolis, Ind., merged under the charter and title of Fidelity with the Company effective Jan. 4.

City National Bank and Trust Company of Chicago, Ill., effective capital in stock from $500,000 to $500,000,000 by a stock dividend.

The Drovers Bank, Chicago, Ill., announced that it had elected a new President, Mr. Fredrick N. Niederer on Feb. 2, 1954.

By the sale of new effective stock, the City National Bank of Little Rock, Ark., increased its capital stock from $500,000 to $750,000 by a stock dividend.

The President and Board of Directors of the National Bank of Baton Rouge, La., announced that Mr. A. K. McElroy has been elected as an active Vice-President.

The Great National Bank of San Antonio, Texas, increased its capital stock from $500,000 to $600,000 by sale of new effective stock.

Ben R. Meyer, Chairman of the Board of Union Bank & Trust Co., has been elected to the post of President, at the close of the 67th Annual Meeting during the year, at the time the vacancy left by the recent death of President Herman F. Hahn and W. W. Clark. He has been elected Vice-President in charge of operations; William J. Hunter, who succeeded to the office of Cashier; and W. L. Blakeney was named Assistant Cashier.

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John R. Nunnery Reurns Investment Business

MERIDIAN, Miss. — John N. Nunnery has returned from England to take up his investment securities from the citizens in the Citizens National Bank Building, under the firm name of Nunnery, Inc. He specializes in municipal, unlisted securities and investment trust shares.
Optimism on London Exchange

By Paul Einzig

Commenting on rising prices of British industrial stocks on the London Stock Exchange, Dr. Einzig lays immediate cause to increase in dividends and the issuance of bonus shares by a number of firms. Finds, however, that a more fundamental factor is the determination of the price policy of the government on securities representing assets with intrinsic value. Says also, international outlook is viewed with more optimism.

LONDON, England—Despite severe business setbacks, the London Stock Exchange continues to show stability in the face of the turbulent world picture. Poverty through thrift, wages demands, and the general uncertainty of the outlook, prices of industrials have been rising slowly but persistently. Indeed, it seems that, with the exception of the Exchequer, no one was unwilling to go to such lengths as to absorb the dividend increases. It is also possible that a number of profitable firms will be able to capitalize their undistributed profits through the issuance of more shares.

The immediate cause for this dividend increase is that a number of firms increased their dividends on the strength of their first quarter results; yet it seems that, under the government's limiting declaration on dividend limits which it is now unlikely to obey, even that new Socialist Cabinet is in no hurry to end the Exchequer's unwillingness to contribute to the public purse. It is, however, possible that a number of long-deferred dividend increases is imminent. It is also probable that a number of firms will be able to capitalize their undistributed profits through the issuance of more shares.

The government's determination to increase the number of its share classes is quite sufficient to provide the needed funds for the government's financial deficit. The government's financial deficit is a deferred manifestation of the effects of its own financial policies. It is possible that such policies will have the effect of raising the price of shares in the future. The government's financial deficit is a deferred manifestation of the effects of its own financial policies. It is possible that such policies will have the effect of raising the price of shares in the future.

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Railroad Securities

N. Y. Central — MOP — Illinois Central

For the first time in a long while, the Central has shown a decided dynamism in the railroad stock market. This is not at all surprising, considering the generally fairly consistently been the most active of the three. The Central Stock Exchange in the record past, reflecting public interest in the stock, and it has been doing very well and is expected to be improving. Refused repre sen tatives of the company, Mr. Robert R. Young has declared that the Central has been leading in the way of preparing an open sale at the next annual meeting and will actively seek proposals from the investment community. The Central management has ac cepted the endorsement of the company, and one can expect that higher earnings could be developed under his leadership and that the company will continue on a strong path.

Another stock that enjoyed considerable popularity early this week was the Old Missouri Pacific, which advanced from 87 to 90 1/2 on Sunday night, and in the newspaper was at 89 1/4, and the dividend would be expected to be paid. This stock has been making good progress and could be considered a good purchase at this time, as the market shows a decided improvement.

The third stock to attract attention with wide swings was Illinois Central common. The stock had been making good gains and the initial sale had closed out most of last week on rumors that the dividend would be increased and the stock split. During the trading period Friday it was seen that the dividend would be increased to a new high of 80 3/4, with a split of 1 for 2, which would be made on the cash of all holders of the stock, and when it did it traded in a very strong manner. The stock is higher than the previous close.

One of the more widely read columns on the company's reorganization is the one written by Mr. Young. It is generally anticipated that a new company will be formed and the old one will be liquidated, and that the stockholders will receive a better return on their investment.

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Mutual Funds

By ROBERT E. RICH

Hugh W. Long Reorganizes Six Funds Into Four

Plans have been submitted to shareholders under which Investors Management Corporation, headed by George E. Roosevelt, Chairman, and W. Emlen Roosevelt, President, plans to absorb its research personnel and facilities of Hugh W. Long Company, Inc., and become investment advisor to all of the funds sponsored by the Long companies and presently having total assets of $237 million, as part of an integration program involving merger of two of the funds.

The unification program involving the Long funds, Investors, Inc., is to be acquired by Investors Management Corporation, which has a parallel investment objective and a similar portfolio. Fundamental's assets would thereby be increased by approximately $100 million and retention. Diversified Funds, Inc., a new entrant, would become a single fund under Investors Management Fund, Inc. Into this, would be united the shares of Diversified Common Stock Fund on an asset value basis. Both have income as a primary objective.

The shares of the present Diversified Growth Stock Fund would be exchanged for shares of a new separate corporation with the same name, objectives and policies, and the same net asset value per share. Manhattan Bond Fund, Inc., would remain the same except that Investors Management Corporation would become its investment advisor.

Investments Management Corporation has acquired the in-place business of the Investors Management Fund, Inc. for many years. Hugh W. Long and Company would continue to serve as investment advisor. The directors now serving the various organizations will be divided into identical directorates of nine members each for the funds.

In view of the proposed mergers, public offering of shares of Investors Management, Inc., and Diversified Common Stock Fund has been discontinued.

Commenting on these developments, Mr. Wm. Gage Brady, Jr., stated, "The proposed integration program will enable the funds of Investors Management Company to become one of the largest funds of the country with Hugh W. Long and Company." The directors now serving the various organizations will be divided into identical directorates of nine members each for the funds.

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Are We in for More Inflation?

The attitude of the public on inflation is a curious contradiction. On the surface, inflation, in so-called "real life," as opposed to being something akin to original sin! But, in reality, the public recognizes that inflation is not catastrophic. The public has long forgotten how savage competition can be when business begins to decrease. Inflation, as a field of development in the days ahead will be the most "comfortable" field of propinquity to their interests, which will tend to increase the downward swing and demands for "relief." It is a lack of perspective on such a large proportion of our present business policies that might be characterized with these words from the Old Testament: "Now their cities shall be full of widows, and their strongholds of orphans and helpless ones." Professor Clark with his $20 billion tax cut and budget deficit promised the world fullness.

The Economists and Inflation Many economists are by no means strongly in favor of a continuing inflation. They feel that the government has forgotten how to use its controls to outweigh the disadvantages. In fact, the general opinion of businessmen, who have publicly maintained that inflationary doses of, say, 3% a year are needed, has been that inflation is an unhealthy diet for the public. In fact, it is so widely accepted, even today with the Republicans in power and the majority of businessmen relying more on the government's controls than on their own, that inflation can prevent the economy from slipping into a serious recession.

Will Prices Really Be Necessary?

Let us now briefly analyze our economic situation from the standpoint of a "shut in the arm" of such dimensions will be necessary; and, if inflation continues, the government will keep the economy at reasonably "moderate" prices.

In any such analysis, it must be noted that the American economy is something new under the sun. The American economy is not based on a simple production and distribution and mass distribution, has had many things new added in to使之成为一种新模式的经济。"But the bloodless revolution of the 30's with its tremendous changes in the distribution of the national income; the increasing use of taxation-high progressive income taxes, high inheritance taxes-to spread the national income and the wealth: and the increasing socialization and pension and social security plans of many corporations for the protection of the willingness of Americans to save to protect their future; and the willingness of owners and manage- The cost of this 30's economy is the imbalance between the natural "laws of demand and supply," and, in research, are a few of the important new factors.

In addition, today, there are many basic elements of strength which we never had before in the economy. Most of the factors in the 30's economy are to be found in the 50's economy. For example, the credit which always averaged previous downturns in the economy is a thing of the past. Instead of the downward swing in an effort to support the depression that was because of their own deposits, the banks are now in a position to do a great deal more than their "interests" to deposit insurance, they no longer have to keep a large amount of money in the bank. This has increased the banks' ability to "loan" being in the back, and the fact that the bank runs, is one of a number of conditions making the current economy much better than in the 30's economy. In the 30's economy, the banks were the most "comfortable" field of propinquity to their interests, which will tend to increase the downward swing and demands for "relief." It is a lack of perspective on such a large proportion of our present business policies that might be characterized with these words from the Old Testament: "Now their cities shall be full of widows, and their strongholds of orphans and helpless ones." Professor Clark with his $20 billion tax cut and budget deficit promised the world fullness.

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Savings, Investments And Interest Rates

term bonds. The reversal of interest rates in 1953 was almost as dramatic as these rapid changes. In 1953, the Federal Reserve Board took steps to reduce the rate of growth in the economy, by raising interest rates and by restricting bank reserves. The interest rate on 90-day Treasury bills rose from around 1.5% in May 1953 to over 3% in early 1954. This had the effect of slowing down economic activity and reducing the rate of growth in the economy. As a result, the economy experienced a slowdown in growth and a decrease in inflation. The Economic Outlook

Since we are still close to the bottom of the business cycle, we can expect an outpouring of economic data and forecasts in the near future. We may see some new economic indicators, as well as an increased focus on economic policies. In the second quarter of 1954, there was a slight decline in the rate of growth in the economy, but this was not significant.

New Decline—So far, these middle-of-the-road predictions have not been confirmed by the latest trend of economic events. The aggregate business index for the first half of 1954 shows that the economy reached its all-time high in the second quarter of 1953; by the second quarter of 1954, the index had declined by less than 1%. The more volatile and less reliable retail sales figures for production showed a drop of about 1.5% during the same period, but the decline has proceeded slowly and gradually. The slower levels of industrial production have been reflected in a moderate reduction in the amount of new housing construction, work, some increase in unemployment and a decline in personal income, but none of these indices has yet become serious or alarming.

Considering the fact that the present correction in business has been under way for at least six months, the moderate character of the declines is significant. The record of the past six months does not indicate that a new decline is on the horizon. On the contrary, the opening phase of a major depression in business activity. In fact, it is possible that the present business cycle may be in its later stages. The in- creases in aggregate production, investments, and in the stock of money are below par, and the rate of growth in the economy is not as strong as it was in the late 1940s. This does not mean that a new decline is imminent, but it does suggest that the economy is not as healthy as it was in the past. The economic outlook is uncertain, and it is important to keep a close watch on the economic indicators to see if there are any signs of a deterioration in the economy.

Supply of Investment Funds

The major savings institutions have increased their liquidity and reduced their demand for loanable funds in recent years. This has been accomplished through a combination of factors, including an increase in the supply of savings deposits, refinancing of the national savings institutions, and an improvement in investment opportunities. The Federal Reserve Board has been successful in raising the rate of interest on Treasury bills and other short-term securities, which has attracted a large amount of new savings. In addition, there has been a decline in the amount of bank reserves, which has reduced the amount of money available for lending. The combination of these factors has resulted in a significant increase in the supply of investment funds, which has helped to support the economy and to reduce the rate of inflation.

The trend in interest rates has been upward since early 1953, with the rate on 90-day Treasury bills rising from around 1.5% in May 1953 to over 3% in early 1954. This has had the effect of slowing down economic activity and reducing the rate of growth in the economy. As a result, the economy experienced a slowdown in growth and a decrease in inflation. The Economic Outlook

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Credit Policy

For almost two years now, the Federal Reserve has been slowly raising interest rates, and prices have been forced to reflect the opportunity cost of using funds, such as the supply of and demand for investment funds. Of course, bond prices have not been completely isolated from the market factors that affect the money market, including the expectations for the growth of the real economy and the flow of government funds into the community regarding business activity and credit and debt management policies.

Federal Reserve policy, together with the market expectations, greatly accentuated the fluctuations in bond prices and interest rates. Also, the Federal Reserve has been raising a relatively easy credit policy involving the fairly modest use of all three major investment tools. The Bank of Canada provided funds to the commercial banks, and the member government securities last May must have had a growing stringency of gold, credit, and the third quarter of last year to provide for the increase in bond prices and the market's reaction to the expected seasonal increase in bond demand. Also, the expected seasonal increase in bond demand may have been offset by the subsequent increase in bond prices in the market. The Federal Reserve's policy will likely be reflected in the market.

As of now, the Federal Reserve is taking a more lenient approach to economic growth, and the Federal Reserve is likely to provide additional funds to the market if needed. The expectation is that bond prices will continue to rise in the near term, but the Federal Reserve will continue to monitor the market closely.

Saving Common Sense

“I have no patience with the people who seem to think that blood-spilling and jobs are synonymous. Nor do I go along with those who believe the only way we can keep everybody employed is to maintain a high percentage of our resources in the production of war goods.”

“None should be so foolish as to think that a sound road higher living costs will increase the rate of military spending. None should be foolish as he thinks he has a vested interest in war.”

“We must continue to be strong in both a military and an economic sense. There are those who con- sider the economic sense cannot do both at the same time. We refuse to accept this defeatist philosophy.”

C. W. Wilson, Secretary of Defense.

This seems to us to make sense.

(Continued on next page.)

(008) 11

The Commercial and Financial Chronicle

Volume 17 Number 300...
The State of Trade and Industry

Hudson, meanwhile, worked only three days, while Packard was down all week. Studteaker will be down this week, it stated. The index of trade and earnings will drop February production down to an estimated 340,000 per passenger car. For the production of the first week of the month the highest and the largest increase was noted at a rate of 9.4%. The Steel Authority pointed out.

Steel Output Estimated at 74.3% of Capacity This Week

The steel buyers' dollar is bringing bigger returns these days, says "Steel," the weekly magazine of the steel industry. "The output is running at 83% ton over last August. Since then, its cost of purchased scrap has dropped to $12 a ton. The producer is beginning to use more than 50% scrap in its open-hearth charges. Half of the scrap is from its own mill; the rest is purchased. Thus, around one-fourth of the steel is scrap, and 21% of the can. This is around 5% less than it did late last year."

The American Iron and Steel Institute announced that the operating rate of steel companies was 7.6% below the steelmaking capacity for the week ending Mar 5, 1954, equivalent to 77,170,000 tons on an annual basis. The daily average production was 1,979,400 tons, and the operating rate was 74.3% (4.7% below). The industry's ingot production rate for weeks is now below 82%, according to the Steel Institute.

For the week a month ago the rate was 74.1% and production was 1,424,000 tons. A year ago the actual weekly steel production was placed at 2,535,000 tons and the operating rate was 59.4% of capacity. The percentage figures for last year are based on annualized weekly production, with the Institute estimating 153,100 in the corresponding week a year ago. The volume of trade in some steel markets was limited due to a lack of offerings of those qualities in best demand.

Electric Output Registers Mild Increase the Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Feb. 29, 1954, was 50,750,000,000 kwh. According to the National Electric Institute, the average figure represents an increase of 10,000,000 kwh above the preceding week, and an increase of 537,000,000 kwh, or 9.2% over the comparable 1953 week and 1,244,000,000 kwh over the comparable period of 1952.

Car Loadings Decline Below Previous Week and Year Ago

Loadings of revenue freight for the week ended Feb. 29, 1954, decreased 3,058 cars, or 0.6% below the preceding week, according to the U. S. Auto industry's corresponding weekly report. Loadings totaled 624,385 cars, a decrease of 66,223 cars, or 9.2% below the corresponding 1953 week, and a decrease of 139,204 cars, or 18% below the comparable period of 1952.

U. S. Auto Output Holds to Lower Trend

Automobile output for the latest week continued downward with 277,000 units produced, according to Ward's, Inc., states, at the highest level since May, 1941, releases were considerably heavier than a year ago when 200 occurred in 1953. For the year to date, production of cars was 4% behind that of a year ago, according to "Ward's Automotive Reports." The industry, "Ward's" states, turned out an estimated 107,570 cars for the week ending Feb. 29, a decrease of 2,254 trucks below the previous week. A year ago the weekly production was 114,935.

For the year to date, total production of passenger cars and trucks made in this country, as against 16,946 in the previous week and 22,498 in the like 1953 week. "Ward's" estimates Canadian plants turned out 9,356 cars and 2,245 trucks last week, against 9,019 cars and 2,027 trucks in the previous week and 7,846 cars and 1,083 trucks in the comparable 1953 weeks.

Business Failures Continue to Advance

Commercial and industrial failures climbed to 277 in the week ending Feb. 29, 1954, with the weekly report by Ward's, Inc., states, at the highest level since May, 1941, releases were considerably heavier than a year ago when 200 occurred in 1953. For the year to date, production of cars was 4% behind that of a year ago, according to "Ward's Automotive Reports." The industry, "Ward's" states, turned out an estimated 107,570 cars for the week ending Feb. 29, a decrease of 2,254 trucks below the previous week. A year ago the weekly production was 114,935.

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Wholesale Food Price Index Reverts to Sharply Higher Trend

Continuing its irregular movement, the Dun & Bradstreet wholesale food price index has been revised to stand at $7.69 on Feb. 9, the highest level since May 29, 1951, when it stood at $7.16. Compared with $6.19 on the corresponding date a year ago, the course vugur was a rise of 24.5%.

The index represents the sum total of the price per pound of 31 foods in general use, and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Reverses Lower Trend of Week Before

The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., trended slightly higher during the past week but fell 3.6% below the previous week's level. The index at 275.63 on a week earlier and with 278.35 on the corresponding date a year ago. The index trended lower during the past week but fell 3.6% below the previous week's level. The index at 275.63 on a week earlier and with 278.35 on the corresponding date a year ago. Trading in leading grain markets was moderately active. Prices fluctuated unevenly but most grains scored modest net gains for the week.

Support in wheat was attributed increased concern over the lack of moisture for the Winter wheat crop in the Southeast, although the report of adequate moisture for Texas and some improved conditions in domestic flour trade.

Slight advance in corn with crop; demand was fairly good but sales volume was small. Rye prices were somewhat easier, reflecting limited demand. Activity in grain and soybean futures on the Cbot was generally lower, with the exception of feeders. Unitn prices continued firm and those for feeders continued well below a year ago. Wholesale fresh pork prices were also easier. Spot cotton prices registered further moderate gains the past week to levels that are anticipated to continue through March. Helping to sustain values were fairly active domestic and foreign mill price-fixing and reports of improvement in export sales.

Cotton placed in the government loan in the week ended Jan. 29 totaled 2,792,000 bales, bringing the total amount reported since May 1, 1953, to 8,684,000 bales, although it represented the smallest weekly volume since mid-October. Reported sales in all ten million is to continue its high activity, there has been no report of 141,000 bales for the week. Cotton placed in the loan in the week ended Jan. 29 totaled 2,792,000 bales, bringing the total amount reported since May 1, 1953, to 8,684,000 bales, although it represented the smallest weekly volume since mid-October. Reported sales in all ten million is to continue its high activity, there has been no report of 141,000 bales for the week. Cotton placed in the loan in the week ended Jan. 29 totaled 2,792,000 bales, bringing the total amount reported since May 1, 1953, to 8,684,000 bales, although it represented the smallest weekly volume since mid-October. Reported sales in all ten million is to continue its high activity, there has been no report of 141,000 bales for the week.

The total dollar volume of trade, in the week, was estimated by Dun & Bradstreet, Inc., to be $21,346,000,000, and $21,346,000,000, or 1% below the corresponding level of a year ago. Regional estimates of current values in the year ago, they were 17% lower than the corresponding level in the year ago, they were 17% lower than the corresponding level in.
### Indications of Current Business Activity

#### Recent Business Transactions

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<th>Description</th>
<th>Latest</th>
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#### Other Information

- **MONEY AND BANKING**
  - **Gold**
    - Total sales: $1,234,560
  - **Silver**
    - Total sales: $1,123,450
  - **Base Metals**
    - Total sales: $1,012,340

- **MINING**
  - **Coal**
    - Total sales: $1,876,540
  - **Iron Ore**
    - Total sales: $1,765,430

- **MANUFACTURING**
  - **Textiles**
    - Total sales: $1,654,320
  - **Chemicals**
    - Total sales: $1,543,210

- **TRANSPORTATION**
  - **Railroads**
    - Total sales: $1,432,100
  - **Airports**
    - Total sales: $1,321,090

### National Board of Trade

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### International Trade

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### National Board of Trade

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Outlook for Stock Prices in 1954

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that so-called "price stability" means a long period of low prices.

Why No Reason for a Serious Stock Market Break

August 1954

Continued from page 5

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Outlook for Stock Prices in 1954

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East-West Trade

East-West trade's consumer goods pro-

Localized or Private Reserves

The boom has not continued in all lines. In the light of this fact, it is generally
regarded as the normal course of events that when a price
movement is the result of a change in demand and supply, it
will be followed by a reaction in the opposite direction.

(a) Change money rates. The change in the

(b) Open market operations. The Federal

(c) Change reserve requirements. The

(d) Change other reserve requirements.

In 1949, appropriate action with these tools was used to
stimulate the economy: the Federal Reserve increased interest
rates, which caused the money supply to contract. The
result of this action was to reduce the availability and cost of
credit to the businesses and consumers who needed it.

In 1954, it is expected that a similar action will be taken to
stimulate the economy. The Federal Reserve will increase
interest rates, which will cause the money supply to contract.
The result of this action will be to reduce the availability and
cost of credit to the businesses and consumers who need it.

Commodity Prices Have Fallen

Commodity prices suffered a 2½-year decline starting in March
1952. The prices of the most important commodities have
fallen sharply, and are now below the levels of January 1953.

Inflation has slowed down, and the price level has been
stable for several years. This is due to the fact that money
supply has been kept to a minimum, and that the demand for
money has not been very great.

While prices have fallen, the cost of living has remained
stable. This is due to the fact that wages have increased very
slowly, and that the cost of living has not been very great.

Farm Price Supports in Danger of Collapse!

If the trend continues, it is possible that prices will fall to
very low levels, and that the government may have to take
very drastic action to prevent a collapse of the economy.

Farm programs which help stabilize prices are not sustainable
in the long run, and it is possible that the government will be
forced to abandon these programs in the future.

The Relationship of Agriculture to the Economy

Agriculture is one of the most important sectors of the
American economy. It is responsible for providing most of
the food that we consume, and it also provides a significant
portion of our income.

However, agriculture is also one of the most volatile sectors
of the economy. This is due to the fact that weather conditions
and other factors can have a significant impact on crop yields,
which in turn affects prices. This makes it difficult for farmers
to plan for the future, and it also makes it difficult for the
government to design effective policies to support agriculture.

Despite this, many people believe that the government has
an obligation to support agriculture, and that it should use
its power to stabilize prices and ensure that farmers are
able to earn a living.

Farm programs which help stabilize prices are not sustainable
in the long run, and it is possible that the government will be
forced to abandon these programs in the future.
The recommended farm program

The recommended farm price support program is useful only in the short run. The legislation provides price support for the basic commodities at 90% of the 1945-1954 average - a program that would be adjusted provisionally to provide a cushion to the shock of the war. This would be the case during the war. It is possible to purchase farm programs which provide for the assurance of wage and price levels within agriculture and which would prevent the cost of living, as opposed to the price of specific goods, from rising to unreasonably high levels. Whether this cost of living is controlled at a 100-110% or 120-130% level, regardless of economic disturbances of ordinary magnitude, originating in our country or abroad, is a question which we believe we have done in the program. The legislation conforms to the recommendations of the Congress. It will have the effect of increasing the income to the farmer and, we believe, to expect more than this from a price support program.

The Commodity Credit Corporation

The Commodity Credit Corporation was established by the National Assessment Act of 1938 in order to carry out the recommendations of the Farm Credit Administration. In July 1944, the program was developed to a substantial degree. The purpose of the program is to provide a market for the various farm products and to make a market for them in the normal channels of trade. The program is designed to support the prices of farm products and to stabilize the price of farm products. The program is designed to support the prices of farm products and to stabilize the price of farm products. The program is designed to support the prices of farm products and to stabilize the price of farm products. The program is designed to support the prices of farm products and to stabilize the price of farm products.
Securities Now in Registration

**Indicates Additions Since Previous Issue**  
**Items Revised**

- **Aircasters, Inc.**  

- **Atlantic Telephone Corp., Seattle, Wash.**  

- **Cahokia Development Corp., New York**  

- **Carling Brewing Co., Inc., Cleveland, Ohio**  
  Jan. 18 (letter of notification) 3,754,640 shares of common stock (offering to be made subject to muni stockholders of record Feb. 1, on a share-for-share basis, rights to expire on Feb. 26. Price—$40 per share. Proceeds—To retire current indebtedness. Office—4600 Quincy Ave., Cleveland, Ohio. Underwriter—None.

**NEW ISSUE CALENDAR**

- **February 18 (Thursday)**
  Illinois Central RR. Co.—Common
  Underwriters—Equity Trust Co., Inc., New York City.
  Price—$10 per share. Proceeds—To be used for general corporate purposes and working capital.

- **February 19 (Friday)**
  Atlantic City Electric Co.—Common
  Underwriters—Equity Trust Co. and Smith, Barney, New York City.
  Price—$40 per share. Proceeds—For working capital. Underwriter—Chicago-St. Louis Corp. and Smith, Barney, New York City.

- **February 24 (Wednesday)**
  Atlantic City Electric Co.—Bonds
  (Bids noon EST) $10,000,000
  Price—$105 per bond. Proceeds—For expansion of electric utility. Underwriter—None.

- **February 25 (Thursday)**
  California Interstate Telephone Co.—Common
  (Bids noon EST) $10,000,000
  Underwriters—Equity Trust Co., Inc., New York City.
  Price—$10 per share. Proceeds—To be used for general corporate purposes and working capital. Underwriter—None.

- **February 26 (Friday)**
  First Natl. Bank of Portland ( Ore. )—Common
  Price—$25 per share. Proceeds—To be used for general corporate purposes and working capital. Underwriter—None.

- **March 1 (Monday)**
  Houston Lighting & Power Co.—Bonds
  (Bids noon EST) $30,000,000
  Price—$105 per bond. Proceeds—To be used for general corporate purposes and working capital. Underwriter—None.

- **March 2 (Tuesday)**
  California Oregon Power Co.—Common
  (Bids noon EST) $10,000,000
  Underwriters—Equity Trust Co., Inc., New York City.
  Price—$20 per share. Proceeds—To be used for general corporate purposes and working capital. Underwriter—None.

- **March 3 (Wednesday)**
  Missouri Pacific Ry. Co.—Common
  (Bids noon EST) $15,000,000
  Underwriters—Equity Trust Co., Inc., New York City.
  Price—$30 per share. Proceeds—To be used for general corporate purposes and working capital. Underwriter—None.

- **March 4 (Thursday)**
  Long Island Lighting & Power Co.—Preferred
  (The First Boston Corp. & The First Boston Trust Co.)
  (Bids noon EST) $10,000,000
  Underwriters—Equity Trust Co., Inc., New York City.
  Price—$105 per share. Proceeds—To be used for general corporate purposes and working capital. Underwriter—None.

- **March 5 (Tuesday)**
  Rand Development Corp.—Common
  (Fut-Er, Real & Co.) $12,000,000
  Underwriters—Equity Trust Co., Inc., New York City.
  Price—$10 per share. Proceeds—To be used for general corporate purposes and working capital. Underwriter—None.

- **March 10 (Wednesday)**
  Fireman's Fund Insurance Co.—Common
  (The First Boston Corp., Goldman & Co.)
  (Bids noon EST) $15,000,000
  Underwriters—Equity Trust Co., Inc., New York City.
  Price—$10 per share. Proceeds—To be used for general corporate purposes and working capital. Underwriter—None.

**March 15 (Monday)**
Sheraton Corp. of America—Debentures
(Offering to stockholders—underwritten by Paine, Webber, Jackson & Co.)
Price—$160 per bond. Proceeds—To be used for general corporate purposes and working capital. Underwriter—None.

**March 16 (Tuesday)**
Bonds
El Paso Electric Co.—Preferred
(Bids to be invited) $17,000,000
Price—To be determined. Underwriters—None.

**March 17 (Wednesday)**
Goebel Brewing Co.—Preferred
(Bids to be invited) $6,000,000
Price—To be determined. Underwriters—None.

**March 18 (Thursday)**
National Union Fire Insurance Co.—Common
(Offering to stockholders—underwritten by The First Boston Corp.)
Price—To be determined. Underwriters—None.

**March 23 (Tuesday)**
Lousiana Power & Light Co.—Preferred
(Bids noon EST) $17,000,000
Price—To be determined. Underwriters—None.

**March 24 (Wednesday)**
Dallas Power & Light Co.—Preferred
(Bids noon EST) $17,000,000
Price—To be determined. Underwriters—None.

**March 25 (Thursday)**
Southern Indiana Gas & Electric Co.—Common
(Gibbs, Barton & Co.) $14,000,000
Price—To be determined. Underwriters—None.

**March 29 (Monday)**
Pacific Power & Light Co.—Common
(Bids to be invited) $5,000,000
Price—To be determined. Underwriters—None.

**April 3 (Tuesday)**
San Diego Gas & Electric Co.—Bonds
(Bids noon EST) $17,000,000
Price—To be determined. Underwriters—None.

**April 6 (Tuesday)**
Georgia Power Co.—Bonds
(Bids noon EST) $12,000,000
Price—To be determined. Underwriters—None.

**April 12 (Monday)**
Gulf Insurance Co.—Common
(Offering to stockholders—underwritten by Smith Barney & Co.)
Price—To be determined. Underwriters—None.

**April 13 (Tuesday)**
Southern Indiana Gas & Electric Co.—Bonds
(Bids noon EST) $15,000,000
Price—To be determined. Underwriters—None.

**April 14 (Wednesday)**
Ohio Power Co.—Bonds
(Bids noon EST) $17,000,000
Price—To be determined. Underwriters—None.

**April 20 (Tuesday)**
West Penn Power Co.—Bonds
(Bids noon EST) $12,000,000
Price—To be determined. Underwriters—None.

**April 27 (Tuesday)**
Arkansas Power & Light Co.—Bonds
(Bids noon EST) $7,000,000
Price—To be determined. Underwriters—None.

**May 14 (Friday)**
First Natl. Bank of Toms River, N. J.—Common
(Bids noon EST) $15,000,000
Price—To be determined. Underwriters—None.

**May 19 (Wednesday)**
Utah Power & Light Co.—Bonds
(Bids noon EST) $15,000,000
Price—To be determined. Underwriters—None.
Volume 179 Number 3300 — The Commercial and Financial Chronicle

be supplemented by amendment. Proceeds—From sale of common stock. An amendment to the 18-year outstanding debentures due 1984, to be used to repay bank loans and for new construction.

Debbie Manager—Stone & Webster Co., New York.

Estey Organ Corp., Brattleboro, Vt. (2/19)

Jan. 21 (letter of notification) $90,000 shares of common stock (par $1). Price—To be determined by competitive bidding. Proceeds—For expansion, construction and development of new facilities.

Didelity Acceptance Corp., Minneapolis, Minn. Jan. 28 (letter of notification) 9,000,000 shares of preferred stock, class A, $5 par (25% cumulative preferred stock). Price—At par ($25 per share) and above. Proceeds—For acquisition of equipment for new plant.

Fidelity Acceptance Corp., Minneapolis, Minn. Jan. 28 (letter of notification) 9,000,000 shares of preferred stock, class A, $5 par (25% cumulative preferred stock). Price—At par ($25 per share) and above. Proceeds—For acquisition of equipment for new plant.

Fireman’s Fund Insurance Co. (3/10)


Fisher & Porter Co., Hatboro, Pa. Feb. 9 (letter of notification) 1,000,000 shares of convertible preferred stock, $10 par (10% cumulative dividend). Price—At par ($10 per share) and above. Proceeds—For refunding account.

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Financial Credit Corp., New York Jan. 28 filed prospectus relating to common stock preferred stock, class A. Price—At par ($2 per share). Proceeds—To refund bank loans and for new construction.


Fireman’s Fund Insurance Co. (3/10)


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Arkansas Power & Light Co. (4/27)  
Feb. 8 it was reported company plans to issue and sell $10,000,000 of share capital stock due 1984. Underwriters.—To be determined by competitive bidding. Probable bidder: Halsey, Stuart & Co. Inc.; First Boston Corp. and W. C. Langley & Co. (jointly); Lehman Brothers, Equitable Securities Corp., and White, Weld & Co. (jointly).

Arkansas Power & Light Co.  
Feb. 8 it was reported company plans to sell, probably in August, about $2,810,000 of first mortgage bonds due 1984. Underwriters.—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp. and W. C. Langley & Co. (jointly); Blyth & Co. Inc.; Equitable Securities Corp. and Central Republic Co. Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly).  

**Bolsa Chica Oil Corp.**  
Feb. 10 it was announced company plans to offer to its stockholders the right to subscribe for 77,855 additional shares of common stock at a price of $10.50 per share on the basis of one new share for each seven shares held. Price—$5.00 per share.  

**Chattanooga Gas Co.**  
Feb. 15 it was announced company plans to issue and sell about $10,000,000 of first mortgage bonds due 1984. Proceeds.—For construction program. Underwriters.—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Montgomery, Pierce, Feuer & Union Securities Corp. (jointly). Bids—Tentatively expected to be received up to 11 a.m. (EST) on March 12 at offices of Kidder, Peabody & Co., 140 William St. New York 25, N.Y.

**Desert Edison Co.**  

**Douglas Oil Co. of California**  
Feb. 4 it was announced company plans to sell and sell 50,000 shares of convertible preferred stock (par $25). Proceeds.—For working capital. Underwriters.—To be determined by competitive bidding. Probable bidders: Blyth & Co. Inc.; William Halsey, Ripley & Co. and Harriman Ripley & Co. Inc. and Hephmili & Noyes & Co. (jointly).

**First Illinois Electric & Gas Co.**  
Dec. 9 it was announced company intends to offer and sell among the middle of 1984 an issue of $8,000,000 first mortgage bonds. Proceeds.—To repay bank loans and for construction. Underwriters.—To be determined by competitive bidding. Probable bidders: Blyth & Co. Inc.; First Boston Corp.; Lehman Brothers; Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); White, Weld & Co. Inc.; Harriman Ripley & Co. Inc. and Blyth, Burroughs & Co. (jointly).

**Central Maine Power Co.**  
Oct. 7 it was reported company plans sale during the third quarter of 1984 of about $50,000,000 common stock at the distribution by New England Public Service Co. of its holdings of Central Maine Power Co. common stock. Proceeds.—To be determined by competitive bidding. Bidders: Blyth & Co. Inc.; Kidder, Peabody & Co. (jointly); Cofin & Burr, Inc.; A. C. Allyn & Co. Inc.; Harriman Ripley & Co. Inc.; Harriman & Co. (jointly); Salomon Bros. & Salomon Upper Underwriter—May 28.  

**Central Power & Light Co.**  
Feb. 4 it was announced company plans to issue and sell $8,000,000 to $10,000,000 first mortgage bonds, series F, and $12,500,000 first mortgage bonds, series G, for new construction. Underwriters.—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Lehman Brothers, Goldman, Sachs & Co. and White, Weld & Co. (jointly); Lehman Brothers, Goldman, Sachs & Co. and White, Weld & Co. (jointly); Lehman Brothers; Union Securities Corp. (jointly). Bids—Tentatively expected to be received in May.

**Columbia Gas System, Inc.**  
Chairman company is considering additional financing early this year. Underwriters.—To be determined by competitive bidding. Probable bidders: (1) For bonds—Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. (2) For stock—Merrill Lynch, Pierce, Fenner & Beane; and (3) for bonds and stock—Salomon Bros. & Hutzler (jointly); Lehman Brothers; Union Securities Corp. (jointly). Bids—Tentatively expected to be received in May.

**First Federal Bank of Portland (Ore.)** (2/26)  
Feb. 26 it was announced company plans to sell $8,000,000 of common stock (par $50) to be used to build pipeline. Underwriters—White, Weld & Co. and Union Securities Corp., both of New York. Offering—Postponed indefinitely.

**First National Bank of Toms River, N. J.** (5/14)  
Jan. 12 it was announced company plans to sell $2,400,000 of first mortgage bonds of $100 each. Proceeds.—To be used for construction and surplus. Underwriters.—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Lehman Brothers; Harriman Ripley & Co. Inc. and Hephmili & Noyes & Co. (jointly).

**Flomatic Gas Corp.**  
Jan. 25 it was reported company may later this year issue and sell about $15,000,000 common stock. Proceeds.—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Lehman Brothers; Harriman Ripley & Co. Inc. and Hephmili & Noyes & Co. (jointly).

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For more than 30 years the founders of Pandick Press, Inc. have provided personal service to its clients. Our quality is still available at all times to discuss your printing requirements.

Personalized Service is one of the reasons "Printed by Pandick" guarantees the finest and most complete printing service available.
General Public Utilities Corp.

Dec. 16 it was reported company plans to sell $250,000,000 of new mortgage bonds due 1984. Proceeds—To be used for new construction. Underwriters—To be determined by competitive bidding. Probable bidders: Salo, Stuart & Co.; Kuhn, Loeb & Co.; Morgan Stanley & Co.; Merrill Lynch, Pierce, Fenner & Beane (jointly); Liberty Mortgage Trust Corp.; the First Boston Corp.; White, Weld & Co.; and Goldman Sachs & Co. (jointly). Bids—Expected to be received up to noon (EST) on March 23.

Louisville & Nashville RR.

Feb. 10 it was announced company plans to issue and sell an issue of $17,000,000 of first mortgage bonds due 1984. Proceeds—To repay bank loans that are maturing in February. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; and Drexel & Co. (jointly); Kuhn, Loeb & Co. and Salomon Bros. Blyth & Co. (jointly). Bids—Expected to be received up to 11 a.m. (EST) on April 6.

Metropolitan Edison Co.

Dec. 16 it was reported company plans to sell $14,000,000 of new bonds due 1984. Proceeds—To be used for new construction. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; and Drexel & Co. (jointly); Kuhn, Loeb & Co. and Salomon Bros. Blyth & Co. (jointly). Bids—Expected to be received up to 11 a.m. (EST) on March 23.

Missouri Pacific RR. (3/3)

Bids will be received by the company on March 3 for the sale of from $3,000,000 of equipment trust certificates, series XX. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; Blair, Rollins & Co. Inc.

Missouri Public Service Co.

Dec. 16 it was reported company plans to issue and sell $14,000,000 of new bonds due 1984. Proceeds—To be used for new construction. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; and Drexel & Co. (jointly); Kuhn, Loeb & Co. and Salomon Bros. Blyth & Co. (jointly). Bids—Expected to be received up to 11 a.m. (EST) on March 23.

- **JoelCrawling-3/16**

Feb. 8 it was announced company plans to issue and sell an issue of $17,000,000 of first mortgage bonds due 1984. Proceeds—To repay bank loans that are maturing in February. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kuhn, Loeb & Co.; Morgan Stanley & Co.; White, Weld & Co. and Salomon Bros. Blyth & Co. (jointly). Bids—Expected to be received up to 11 a.m. (EST) on March 16.

Ohio Power Co.

Feb. 8 it was announced company plans to issue and sell an issue of $75,000,000 of first mortgage bonds due 1984. Proceeds—To repay bank loans that are maturing in February. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kuhn, Loeb & Co.; Morgan Stanley & Co. and Coiffon & Burr, Inc. (jointly); Haldeman, Ripley & Co.; and Salmon Bros. Blyth & Co. (jointly). Bids—Expected to be received up to 11 a.m. (EST) on March 16.

- **Ohio Power Co. (3/14**

Feb. 8 it was announced company plans to issue and sell an issue of $15,000,000 of new preferred stock (par $100). Proceeds—To repay bank loans that are maturing in February. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kuhn, Loeb & Co.; and White, Weld & Co. (jointly). Bids—Expected to be received up to 11 a.m. (EST) on March 16.

- **Pacific Power & Light Co. (3/29**

Feb. 15 it was reported company has applied to F.P. C. for authority to issue and sell $6,000,000 of first mortgage bonds due 1984. Proceeds—For construction program and to repay bank loans. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; Blair, Rollins & Co. Inc.

- **Pacific Power & Light Co. (3/29**

Feb. 15 it was reported company has applied to F.P. C. for authority to issue and sell $12,500,000 of first mortgage bonds due 1984. Proceeds—For construction program. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; Blair, Rollins & Co. Inc.

- **Pennsylvania Electric Co. (3/16**

Jan. 26 it was reported company plans to issue and sell $17,000,000 of first mortgage bonds due 1984. Proceeds—To help refund $13,200,000 of mortgage bonds due 1984. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; Morgan Stanley & Co.; Merrill Lynch, Pierce, Fenner & Beane (jointly); Haldeman, Ripley & Co.; and Salmon Bros. Blyth & Co. (jointly); The First Boston Corp.; Harriman Blyth & Co. Inc. and Smith, Barney & Co. (jointly). Bids—Expected to be received up to 11 a.m. (EST) on March 25.

- **Pittsburgh & West Virginia Ry. (2/25**


- **Public Service Co. of Colorado**

Oct. 13 it was reported company is planning to float an issue of $17,000,000 of new first mortgage bonds due 1984. Proceeds—For financing, in part, a $17,000,000 rehabilitation program. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kuhn, Loeb & Co.; and White, Weld & Co. Inc.; Harriman Ripley & Co., Inc. and Smith, Barney & Co. (jointly). Bids—Expected to receive on Oct. 15.

- **St. Louis, Brownsville & Mexico Ry. (3/3**

Bids will be received by the company on March 3 for the sale of from $10,000,000 of new mortgage bonds due 1984. Proceeds—To be used for new construction. Underwriters—To be determined by competitive bidding. Probable bidders: Salo, Stuart & Co.; Morgan Stanley & Co. and Drexel & Co. (jointly); Kuhn, Loeb & Co. and Lehman Brothers (jointly); The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane (jointly); the First Boston Corp.; Kuhn, Loeb & Co. and Blyth & Co. (jointly); Smith, Barney & Co. (jointly); Blyth & Co.; and Goldman Sachs & Co. (jointly). Bids—Expected to be received on March 3.

- **San Diego Gas & Electric Co. (3/30**

Feb. 10 it was reported company plans to issue and sell $17,000,000 of first mortgage bonds due 1984. Proceeds—For new construction. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kuhn, Loeb & Co., Morgan Stanley & Co.; and Caffin & Burt, Inc. (jointly); Haldeman, Ripley & Co.; and Salmon Bros. Blyth & Co. (jointly). Bids—Expected to be received up to 11 a.m. (EST) on March 30.
Our Reporter's Report

Strong intimations that the Federal Reserve Board, following its lead with a 1% g.t. rise in the middle of the month, has served to edge off the rising trend in the secondary mortgage market.

The high-grade corporate market, taking its cues from progress in the primary mortgage market which culminated in a cut in the redistribution to individual bank underwriting and the Federal Reserve System a fortnight ago, has been showing a strong upward trend for some months.

The cumulative effect has been to bring the average yield for top-grade issues down from 5.40%, as recently as April 1, to 5.35% today.

Making Ready
Prospective corporate borrowers are now in a position to defer any plans they may have in mind until after mid-March. The current calendar is thin and considered likely to remain so in the interval.

As a matter of fact new issues have been light through the past few weeks and there is no significant influence in the secondary market today.

Meantime it is indicated that insurance companies are allowing their policies to run up and are in anticipation of a Treasury bond issue that will be attractive to them.

Startling Field
Sputtering through the green grass of natural gas operations the straight gas utilities, including pipeline operators, set a fast pace in new money requirements last year and bids fair to maintain it this year.

This industry raised an aggregate of just over a billion dollars 1954, with $800,000,000 of that in the preceding period. And there is every indication that the proportion of equity capital desiring a direct lift in the amount of preferred stock sold from $93,000,000 to $95,000,000.

The total issue of $106,000,000 in juniorunities completed the year before and sold $79,000,000 of debt in the year's proceeds, both in mortgage bonds, sold in the year at 99,000 and paid $343,000,000.

With F. I. du Pont Co.
(Special to the Financial Chronicle)

In addition to the usual spate of news items, several items of great moment appeared during the week. Two are of especial interest:

1. The sale of the Weehawken gas works for $25,000,000.
2. The sale of the Ashland gas works for $34,000,000.

The first issue was completed last week and the second is expected to close next week.

The total proceeds from these two sales will be used to retire the federal government's mortgage debt on the 1955 bond issue.

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country while laying a heavy burden of cost upon the entire community. The Eisenhower Administration has been trying to do a little something about it—not nearly as much as it should be done, but at least some measure of minor improvement. What is the result? According to Democratic politicians, the Administration is "sticking a pitchfork in the back of the farmer," or something more or less to that effect.

Although the farmer has traditionally been a darling of the politicians, only a very few decades ago even a suggestion of any such largesse to the farmer as that innate in even the Eisenhower plan would have been regarded by the farmers as being utterly out of the question. The New Deal taught the farmer to look to Washington rather than to his own resources whenever the going got rough—and even when it was not rough—and it at the same time led to the thinking that the people of the city should accept without question this servility of the agrarian producer. If this were not true no such competition for the vote of the farmer would be under way now—and if it were, it would hardly be profitable for either party.

Elsewhere, Too

The same principle may be seen in action at many other points in our midst. Were it not for the New Deal teaching and the continuation of the same preachment by the Fair Deal we should not have critics screaming for more social "reform" like a more liberal treatment of the indigent—real and imaginary—not as a humanitarian procedure but as a means of defending ourselves against a possible depression. We have always had with us the demagogues of the depression type who have shown again and again how the poor treatment the ordinary man gets—in taxes and other things. Yet prior to the New Deal we should scarcely expect in peace time that anyone would come forward with a program that was not rather than "less progressiveness" in our tax structure than that which now exists. Yet such cries ring in our ears at a time when apparently the Administration is doing what it can to bring some order and rationality into our incredibly bad systems of taxation. It remains to be seen how deeply New Deal doctrines in this area have become rooted in the mind of the general public.

Certainly, even prior to 1933 we should not expect to see a minority party eager to get back into office attacking the party in power by predicting catastrophic depression within months and asserting that the Federal Government is doing nothing to prevent it—nothing that is, in the way of applying a hair of the dog that did the biting, assuming that the patient is actually suffering from a serious malady or woe. And wonder of wonders, the very groups that most loudly called for the New Deal to lay a solid foundation for defense against bad times are not infrequently the ones most under attack by those who would have the Federal Government ward off a depression.

This is evidently the "destabilizing" campaign. It is likewise apparent certain to be one in which many fictitious issues and much economic nonsense are being figure to some cognizance. It is apparently the penalty we pay for having false gods in the past. We can only hope that it will not too greatly impede constructive work.

Continued from page 5

Observations...

On, EPT's extension was condemned—in contrast to Fair Deal Secretary Snyder's prior firm advocacy of its termination. Over-all, the Council backs the Administration's acceptance of the idea of a "national order of social salvation" and too late" hurled from all sides, without any primary questioning of whatever the social wisdom of the intervention. Quite amazingly, in view of its pre-Election statements of support, this Administration is acting and talking on the major premise of unbridled planning with inflation to combat troublesome (politically) deflation and recession.

Carrying on full blast under the banner of the chairman's statement that "the finality of the Annual Report most likely to lay the National Bureau of Economic Research [published Feb. 22 in "Inflation and Economic Policy" by Arthur F. Burns, Princeton University Press] "social control of business cycles economically wouldn't be necessary, because we have a socially conscious government," the Council is set for an economy with full planning and intervention—sweetened by a vaguely gestured bow to "private enterprise" but which is apparently nothing more than a least of lip service.

The question of the day is not being pointed out that Eisenhowerism does differ from Rooseveltism regarding the former's practice of denigrating hailing of businessmen per se. At the same time it may not be asked, if socialization-somewhat is really to be devoted to the furtherance of private business, whether there is perhaps cause for worry that we may be prove unwittingly, without of course, headed toward a form of fascism?
WASHINGTON, D.C.—Evolution of an Eisenhower Administration housing program has now reached its third phase. The first phase was the formulation of a set of recommendations by the President's Advisory Committee on housing, which was established by the President's housing message to Congress.

Now a concrete legislative proposal has been drafted and introduced by the Chairmen of the two Congressional Banking Committees. The proposed bill represents a considerable "toning down" or bringing down to earth of the almost utopian objectives given by the President in his housing message. As such the bill reflects some of the practical influence of congressional judgment, particularly the wisdom of Rep. James P. Wollcott (R., Mich., the House Chairman, who has been in consultation with the White House.

The Two Motives

As introduced, however, the bill still reflects the trend but somewhat opposed motives of the White House.

On the one hand the Administration wants to utilize housing more effectively as a major device to combat a business set-back should one occur. On the other hand, the Administration also seeks ito logically and theoretically to lessen the burden of a housing business upon the government.

As drafted, the bill reflects this conflict somewhat. Housing is definitely presented as a long-range national program. However, the act itself is described as a "temporary" measure. The legislation would create a housing corporation, Enterprise, which would have the authority to: 1) originate and own mortgage loans, to 2) provide funds to the Treasury to purchase mortgage insurance, and to 3) establish a "secondary market" for mortgage loans. The Administration would then place the bill in the hands of Congress to turn over various aspects of it or to modify it. The bill would also create a federal mortgage corporation, Federal National Mortgage Corporation, to be financed by federal funds.

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This bill will probably be voted on before Congress adjourns.

BUSINESS BUZZ

"The Fourflusher!—He told me his job kept him up in the chips!"

limitedations upon its usefulness to which any discount market for mortgages would be subject. (2) FNMA would also seek to liquidate in an orderly manner its present portfolio of $3.5 billion of FHA and VA loans, demonstrating by the extent to which it succeeded, the dependence of the housing business upon government credit.

How well these provisions (1) and (2) would work out even if enacted by Congress re mains to be seen. Nevertheless, no one who has followed housing legislation for the past 20 years has noticed such an earned attempt to conjure up a scheme to lessen the channel between the Treasury and the housing contingent market.

Opens Channel

(3) Phase three of FNMA under the bill would open up FNMA to the purchase of any type of insured or guaranteed mortgage which the President directed. This is the speedway of government credit which would be provided. It would not merely be available to make it possible to provide funds for the Republican version of the "slum clearance" and "urban rehabilitation, plus public housing, but also for any other obelisk phases of municipal housing problems involved in "preventing decay" and "abolishing substandard housing."

In other words, the President's plan gave the impression that a great deal more of the total urban housing pie would come under direct Treasury subsidy as well as becoming the beneficiary of insured and guaranteed credit.

While the Wollcott-Capenter housing bill is complex, it appears that an entirely different approach has been made - direct loans and grants of Trea sury. The bill is still open for (1) slum clearance and urban rehabilitation and (2) public housing, but the scope of the grants will not be increased. Instead, what municipalities must do to get such grants will be increased. In other words, cities must convince the Federal officials that they are doing enough to prevent urban housing decay generally, and to attract or get grants on the present basis.

CONGRESS WILL CHANGE BILL

In the House Committee it is likely to make considerable changes in the Wollcott-Capenter bill. It is meant to legislate flat easing of FHA and VA loans, permitting the greater loan to ratio of value, longer repayments, lower down payments.

However, after the Congressional draftsmen had a hand in the subject, the bill proposes, not an immediate loosening up, but a loosening up only if the Presidents directs. And it furthermore lays down a schedule of maximum terms.

Broad Loan Terms

Finally, the bill proposes generally in the line terms of FHA and VA loans, permitting a greater loan to ratio of value, longer repayments, lower down payments.

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