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OVER-THE-COUNTER MARKET FEATURED IN THIS ISSUE

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EDITORIAL

As We See It

The titular head of the Democratic party made a speech last week which has quite naturally been distributed widely among the people of the United States. The content of Mr. Stevenson's address is about what was to be expected of a man in his position addressing an audience consisting of party leaders. The message was dressed up in the glib phrases the public has come to expect of this speaker, and was largely given over to the sort of disparagement of the opposing party that the occasion demanded. The address also left the audience and the general public—if what was said was anywhere taken too seriously — gasping with wonderment that any political party anywhere could ever have accomplished what the Democrats achieved during the two decades from 1933 to 1953.

All this, of course, is the usual political buncombe, and as such is definitely not worth wasting much time with. There is, however, to be found in this deliverance of Mr. Stevenson an embodiment of certain basic and at times subtle fallacies which are responsible for much of the "creeping socialism" of the New Deal and of the Fair Deal, a hazard which unfortunately lingers with us under the present regime. We ardently wish we could say that such notions as these are confined to Democratic thinking, but we are much afraid that this intellectual virus has spread much farther. It is for this reason that we shall undertake at the risk of tiresomeness to lay bare the underlying assumptions of Mr. Stevenson, and it is for this reason, and only for this reason

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Full Employment And Its Dangers

By DR. CARL WIEGAND

Professor of Economics, University of Mississippi

Dr. Wiegand discusses various aspects of the Employment Act of 1946, and points out in the months ahead the "full employment policy may be given its first practical application." Traces legislative history of the Act and the diverse attitudes toward it. Says, for political reasons, the Eisenhower Administration cannot openly challenge the full employment policy, but indicates difficulties of its application because of the unreliability of business forecasts. Cites as measures that can or may be taken: (1) expansion of credit; (2) public works; (3) inflation, and (4) a controlled economy, all of which carries economic evils.

The policy of "full employment" and its underlying philosophy of social security are as characteristic of our time, as were *laissez-faire* and free enterprise during the 19th century. A decade ago, the "full employment" philosophy was a highly controversial and widely "cussed and discussed" topic in the United States, but the arguments have largely died down by this time: the American people seem to have accepted the philosophy of "full employment" as the guiding principle of national policy, with no questions asked regarding the soundness of the philosophy. Since, in the months ahead, the "full employment" policy may be given its first practical application since the passage of the Employment Act of 1946, it seems worthwhile to revise some of the — still unsettled— arguments which raged during the middle forties. What is the underlying philosophy of "full employment"? What is its background? How did it become the law of the land? Does it represent a sound socio-economic policy?

Dr. Carl Wiegand

Let me hasten to say that to discuss the dangers of the

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The Biggest Stock Market In America

Investment opportunities in over-the-counter market discussed. A tabulation of unlisted common stocks of companies that have paid cash dividends from 5 to 169 consecutive years presented. How the over-the-counter market functions explained.

Any investor who does not capitalize on the investment opportunities that abound on the over-the-counter market does himself an injustice of the first magnitude.

Newspapers devote little space to the over-the-counter market. Not much is heard about it on the radio and it can't be seen on TV. Yet the volume of securities traded over-the-counter is enormous.

Among these are the stocks and bonds of between 25,000 and 50,000 industrial, public utility and railroad corporations, the stocks of most insurance companies and those of the majority of the 14,000 banks of the country.

Few people realize that this means the stocks of such banks as the Bank of America in California, National City Bank, Chase National Bank, Manufacturers Trust Co., Guaranty Trust Co., Chemical Bank & Trust Co., The Hanover Bank, Irving Trust Co., J. P. Morgan & Co. and the First National Bank in New York City; and the National Bank of Detroit, the Seattle-First National Bank, Mercantile Trust Company of St. Louis, Republic National Bank of Dallas and the Whitney National Bank of New Orleans to cite a mere few of the thousands that could be mentioned.

Most insurance stocks, too, are traded over-the-counter in addition to those of public utility companies and transcontinental pipelines. Familiar

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SECURITIES NOW IN REGISTRATION — Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 74.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

Consolidated Cigar Corp. 5% Cumulative Pfd. — Hubert F. Atwater, Gammack & Co., New York City. (Page 2)

Arkansas-Louisiana Gas Co. — David Shuldiner, Analyst, Shaskan & Co., New York City. (Page 2)

HUBERT F. ATWATER

Cammack & Co., New York City

Consolidated Cigar Corporation
5% Cumulative Preferred Stock

There frequently is created a new security, which comes to market without the aid of underwriters. Such an issue is the 1953 series of Consolidated Cigar Corporation 5% cumulative preferred stock, which was distributed to the common stockholders as a dividend at the end of 1953.

Hubert F. Atwater

Capitalization of the company now consists of $9,800,000 funded debt divided into $5,800,000 4⅛% notes due Aug. 1, 1967, and $4,000,000 20-year 3¾% debentures due Oct. 1, 1965, followed by 66,600 shares of $5 cumulative preferred stock, series of 1953, carried at $100 per share, and 333,000 shares of common stock.

The total equity of the stockholders at the end of 1953 was $20,405,853, up about $1,000,000 from the previous year. This would indicate a value of approximately $300 per share for the preferred stock and an equity of $41.28 per share for the common stock.

The retirement provisions of the debt required payments of $200,000 in 1953, $400,000 in 1954 and 1955, and $600,000 annually 1956 through 1965. The preferred stock is entitled to a sinking fund of $100,000 per annum, starting Oct. 31, 1960, and on Oct. 31, 1967, the annual appropriation increases to $200,000. This fund is to be used to purchase the 1953 series of preferred stock at not exceeding $100 per share, and any unexpended balance remaining on Nov. 20 in any year shall be applied to the redemption of the preferred stock at $100 per share on the next dividend date.

The business of Consolidated Cigar Corporation has grown considerably in the last few years, gross sales having increased from approximately $25,000,000 in 1945 to the record high total of $54,575,000 last year. Its factories operated at capacity, involving overtime operations in all departments for many weeks in the year. Sales were limited by production.

At the end of 1953, the balance sheet showed current assets of $30,508,000 and total liabilities of $13,914,000 of which only $4,514,000 were current. Although sales showed an increase of $2,358,000 in 1953, over the previous year, inventories showed only a nominal increase.

Because the inventory of leaf tobacco is maintained on the last-in, first-out method of cost determination, the leaf tobacco carried in the Dec. 31, 1953 balance sheet at $14,841,000, would have had a value of approximately $24,500,000 if computed at replacement cost.

This substantial excess of market value over book value of the principal inventory item is equal to the total debt or one and one-half times the capital value of the preferred stock.

Issued directly to stockholders at the end of 1953, Consolidated Cigar Corporation 5% preferred stock has had to find its own market without the benefit of underwriting sponsorship or listing. It is presently obtainable in moderate amounts at about 83½ to yield 6%, which I have found an attractive level for accounts where high yield is required.

To summarize, Consolidated Cigar Corporation 5% preferred stock, traded in the Over-the-Counter market, has a book value of $300 per share, earnings of not less than four times dividend requirements in every year 1946 through 1953 (average six times) yields 6% and has a sinking fund starting five years hence sufficient to retire 1½% of the issue at 100. The investment character of this stock does not appear to be appreciated.

DAVID SHULDINER

Analyst, Shaskan & Co.,
New York City
Members, New York Stock Exchange

Arkansas Louisiana Gas

Low price — high quality: this is a combination which should have considerable investor appeal. Such a security is Arkansas Louisiana Gas (American Stock Exchange — recent price 9).

David Shuldiner

Arkansas Louisiana Gas is an integrated natural gas company engaged in the production, transmission, and distribution of natural gas. It is primarily a distributor. It serves the fast-growing area of Northern Louisiana, Central and Southern Arkansas, and Eastern Texas. Several natural gasoline plants are operated in producing fields adjacent to its pipeline system.

The company has only recently emerged from the reorganization of Arkansas Natural Gas. As such it is not yet well known to the investment community which probably accounts for the fact that it appears to offer so much better investor value (as shown below) than many other companies in its field. Despite the relatively short period in which it has had a separate identity, however, the company is actually one of the oldest in the natural gas industry—going back as early as 1860.

In the following comparison of investor values offered by Arkansas Louisiana Gas as against the rest of the industry, eight other gas distribution companies and 30 companies engaged in one or more phases of the natural gas industry have been used.

Capitalization — In selecting a utility stock the investor is often primarily interested in minimizing his risk. A sound financial condition is, therefore, extremely important and one yardstick commonly used for measuring this factor is the degree to which common stock and surplus constitute total capitalization. In this regard Arkansas Louisiana shows up exceedingly well. Common stockholders' equity is better than 51% as against an average of 36% for eight other gas distribution companies and an average of only 30% for the group of 30 natural gas companies.

Earnings — Other things being equal the investor is naturally interested in obtaining as much earnings as he can for each dollar of investment. Here again Arkansas Louisiana Gas stands out. At its present price of 9 the common stock sells at less than 13 times estimated earnings of 70 cents per share. In sharp contrast, the average price-earnings ratio of the eight other gas distribution companies is 15 times and more than half of the 30 companies in the group are selling in excess of 15 times earnings. Moreover, Arkansas Louisiana Gas is earning only 5.3% of its invested capital whereas gas distribution companies generally have been earning between 6 and 8%. The company has asked for higher rates and certainly seems to be entitled to them, particularly since some of its rates have been in effect since 1923. With a fairer return on capital, earnings could easily rise to 85 cents or 90 cents per share within the next year or two.

Dividends—Arkansas Louisiana Gas appears to be paying dividends at an annual rate of 50 cents per share. At its present level of 9 this is a yield of 5.6%. Most of the other natural gas utilities offer less than this while the average yield of the 30-company group is only 5.1%. Moreover, at a 50 cent annual rate this would represent a payout of less than 75% of estimated earnings. More than half of the other companies in this field are paying out a greater share of their income.

Reserves — Arkansas Louisiana is one of the few gas distributing companies owning substantial reserves of natural gas. The company's proved reserves amount to over 650 billion cubic feet of gas and 29 million barrels of distillate. Because of the company's conservative capitalization these reserves constitute an important asset for the common stockholder — and conservatively can be valued at almost $4 per share after adjusting for all prior obligations. No other gas distributing company and almost no other company in the entire group of 30 natural gas utilities can offer the same natural resource values to their common shareholders. As a matter of fact if the company's owned reserves of natural gas and distillate were valued at present field prices they would actually be greater than the entire present market price of the common stock and all of the company's other obligations.

In addition to these considerable owned reserves, Arkansas Louisiana Gas controls over two trillion cubic feet of gas through long-term purchase contracts with other gas producing companies. It has arrangements to obtain gas from other pipeline companies if necessary and may call upon one of its former associated companies to sell it up to 36 billion cubic feet of gas annually until 1960. The company also owns some 96,000 acres of unproven oil and gas land on which it is currently engaging

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The Supply of and Demand for Long-Term Investment Funds

By RUSSELL S. HAWKINS*
Assistant Vice-President, C. F. Childs & Co., Inc.

Mr. Hawkins discusses outlook for long-term securities and concludes the supply of long-term investment money is greater than available long-term investment media. Says money rates for future will remain low, and it could very well be that we are in a prolonged period of easier money and higher bond prices. Cites policy actions of the Federal Reserve Open Market Committee, along with statements issued by savings banks and other institutional investors regarding availability of investment funds.

I thought perhaps it would be intelligent to submit my conclusions at the outset and they are—

(1) Money rates for the immediate future will remain low.

(2) It could very well be that we are in a prolonged period of easy money and higher bond prices.

Russell Hawkins

I submit for your consideration direct quotations from important investment officers.

I might add that savings banks, life insurance companies and pension funds were really disappointed in the March Treasury financing. They had expected and made plans to purchase the long-term bond which they had hoped the Treasury would offer and were prepared to enter generous subscriptions. It is my considered judgment that a minimum of $2½ billion could have been raised if the Treasury offered a long-term bond.

I have talked with authorities in the investment field and their conclusions coupled with my own observations, indicate to me very clearly that the supply of long-term investment money is greater than available long-term investment media.

I am pleased to submit for your consideration the following information which has, it seems to me, a direct bearing on the money market.

Life Companies Investment Funds: 1948, $3.4 billion; 1953, $4.7 billion; 1954 (est.), $5.1 billion.

Pension Trust Investment Funds: 1948, $0.6 billion; 1953, $1.3 billion; 1954 (est.), $1.4 billion.

Public and Private Corporate Offerings (after cash retirements): 1948, $5.8 billion; 1953, $7.1 billion; 1954 (est.), $6.0 billion.

State and Local Government Financing (gross): 1948, $7.0 billion; 1953, $5.6 billion; 1954 est.), $6.0 billion.

Increase in Government Debt: 1948, —$7.0 billion (excluding government investment accounts); 1953, $5.4 billion (after government investment accounts); 1954 (est.), $3.0 billion (after government investment accounts).

Increase in Securities Held By U. S. Government Investment Accounts: 1948, $3.0 billion; 1953, $2.4 billion; 1954 (est.), $3.0 billion.

Increase in Real Estate Mortgages: 1948, $7.3 billion; 1953, $9.6 billion; 1954 (est.), $8.4 billion.

We have witnessed a tremendous drop in yields on AAA corporates and government obligations in the past nine months. The long-term Treasury 3¼s on the 1st of March of this year were up 11 points from June 1 of last year. From June 1, 1953 to March 1, 1954, the decrease in yields on government securities (not due or callable in less than 12 years) amounted to 64 basis points or from 3.20 to 2.56. Also a decrease in yields in Moody's AAA Corporate Bond Yield Index from 3.39 in June of last year to 2.93 on March 1, 1954. We must go back to June 1, 1952 to find a sharper decline in yields for a similar nine-month period of time.

Much has been said about the Federal Reserve Open Market Committee and the policy of the Treasury authorities. It seems quite obvious to me that the Federal Reserve System, in a political year, certainly will not deliberately upset the apple-cart. The Treasury authorities are certainly on record for a policy of economy and with the interest cost on the debt today at $6,900,000,000 it would seem quite evident that they are anxious to keep the cost of the debt from rising too much from present levels.

In the annual report of the Board of Governors of the Federal Reserve System for 1953 you will find the following:

RECORD OF POLICY ACTIONS FEDERAL OPEN MARKET COMMITTEE

(Quotations from the Annual Report of the Board of Governors of the Federal Reserve System for 1953.)

March 4-5, 1953

"(1) **Authority to Effect Transactions in System Accounts.**" The following directive to the Executive Committee was approved:

"The Executive Committee is directed, until otherwise directed by the Federal Open Market Committee, to arrange for such transactions for the System open market account, either in the open market or directly with the Treas-

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*A talk by Mr. Hawkins at the Dean's Day Homecoming Conference for New York University Graduate School of Business Administration Alumni, New York City, March 20, 1954.

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Articles and News

"THE BIGGEST STOCK MARKET IN AMERICA"

Article starting on the Cover page "The Biggest Stock Market in America" deals with the Over-the-Counter Market and includes a tabulation showing names of companies whose securities are traded exclusively in the "counter" market which have paid consecutive cash dividends for 10 to 169 years (Table I, page 28) and a second tabulation with respect to consecutive cash dividend payers for 5 to 10 years (Table II, page 51.)

Regular Features

*See "A Record of Activity for U. S. and Canadian Bond Market" on page 12.

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Elite Over-the-Counter Attractions

By IRA U. COBLEIGH

Enterprise Economist

A swift survey of certain companies, leaders in their fields, whose shares have their values reflected in the unlisted market.

This column today joyfully joins the main motif of this edition, and is delighted to carry a spear in the general parade doing honor to the over-the-counter market. Nothing here will be offered, however, to dim the luster of our distinguished Stock Exchanges, coast-to-coast; or to dilute the importance and significance of the Dow Jones averages or other eminent market meters, deriving their statistical fodder from quotations of listed securities. The over-the-counter market has been, however, under appreciated. As the native habitat of nearly all municipal bonds; as the trading mart for the major share of all government obligations; as the arena for share quotation of most of our leading financial institutions, bank and insurance companies; and as the first place where the equity of a company is quoted when its ownership spreads from a few, to a few hundred, the over-the-counter market provides a broad and vital service in our fabulous economy. It should also be noted that the unlisted market is the springboard from which many companies, now of national and international eminence, projected their shares into trading prominence and market leadership on the New York Stock Exchange.

Ira U. Cobleigh

If you like range you can get plenty of it over the counter. Dozens and dozens of penny mining and exploration shares are swapped here in sheafs; companies like Connecticut General Life and U.S. Trust Company can be had at around $300 a copy, Travelers Insurance sells at $1,000, and there's an elite open end investment company, Graham-Newman Corporation that's quoted at $1,500. And if you really want to go all out for market altitude, you can pay $50,000 a share for Los Angeles Turf Club common. That, I believe, is the "Top of the Mark," pricewise, for over-the-counter corporate creatures. Altogether, well over 25,000 corporate issues alone are quoted over-the-counter. Quite obviously we can't talk about 'em all here today, but we did hit up on the idea of outlining a few companies that excel in their particular field of endeavor. The equities of these corporations are selected, not because they are the most heavily dealt in, but because the values they represent are rarely presented to investors, in outline form. Many of these companies offer a rather unique appeal either by virtue of products, trade name or balance sheet substance.

Tiffany has always been associated with a top quality rating; so let's begin with that. Did it ever occur to you that you could be a Tiffany stockholder? Well, you can.

Tiffany & Co. started off its elegant, gem-studded, career 117 years ago, and in the interim has built up the top reputation for quality in jewelry and silverware, in America, if not in the world. And those who seek the hallmarks of social prestige like to have their invitations and wedding announcements go out on Tiffany stationery. The blue - blooded thumb, rubbed over a Tiffany engravure, is luxuriously and graciously rewarded. As carat caterers to the carriage trade, Tiffany operates but a single store, a magnificent monolith at 57th Street and Fifth Avenue, New York. It has, however, appointed a select group of jewelers to distribute Tiffany sterling in the hinterland. The company has its own manufacturing plant for silverware in Newark, N. J.

Sales have been quite steady with but slight difference in total for 1952 and 1953. Net for 1953 was $24,906; and the balance after dividends of $1.00 per share, was a deficit of $107,545. This is not alarming, however, as the balance sheet position of the common is slightly terrific—$52 a share net working capital (at 12-31-53). There are 132,451 capital shares outstanding (sole capitalization) quoted today at $25—an indicated 4% yield. The reduction in excise taxes should boost Tiffany sales for 1954. No market rocket this—more of a plain rock, diamond that is.

Bausch and Lomb Optical Company is a lens leader turning out a distinguished line of scientific instruments, lens and frames for glasses — altogether almost 3,000 products. It was a large scale wartime producer of fire controls, gunsights and periscopes, devoting, at one time, over 70% of its effort to such items.

Postwar readjustments carried net down from the 1944 high, until 1950, when no common dividend was paid. Recovery in the past three years has been significant, with gross moving up from $37 million in 1950 to $52 million in 1952. Net per share was around $2.20 for 1953 on the 603,821 common shares—ample coverage for current indicated dividend rate of 60c a share. Present market price of 12 compares with a 1946 high of 34½. Book value today is above $35 per share.

The next time you look out your window at the thermometer, or get your blood pressure taken by a medico, chances are you're paying indirect tribute to Taylor Instrument Companies. This organization is the largest maker of thermometers, and an important producer of a wide variety of instruments for measuring and/or recording pressure, humidity, temperature and the velocity and levels of fluid. From a main plant

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Securities Salesman's Corner

By JOHN DUTTON

A Sales and Advertising Opportunity

Starting on the cover page of this week's "Chronicle" there appears an article entitled "The Biggest Stock Market in America." It has been written clearly and concisely to inform investors, and the public in general, that some of the most outstanding companies and investment opportunities are available in the Over-the-Counter Market.

This article is being made available by the "Chronicle" in pamphlet form (to fit into a number 10 envelope), attractively presented with a two-color cover page at a cost of 10 cents a piece. Instead of giving quantity discounts, "Compliments of" and the dealer's name in the line below is imprinted in the space provided for this purpose when 100 copies or more are ordered.

A Suggestion

Among your customers and prospects there are no doubt many who have not the slightest understanding of the facts presented in this excellent article. In addition, the compilation of unlisted securities that have paid consecutive cash dividends from 5 to 169 years is in itself a list that should be of interest to every informed investor.

From a sales standpoint the pamphlet could be used effectively as a lead producer. Copy for a newspaper advertisement along the following lines is suggested:

"The Biggest Stock Market in America"

Send for your free copy of this pamphlet giving data on unlisted stocks that have paid consecutive

Cash Dividends from 5 to 169 years

Discusses valuable investment opportunities now available, why informed investors look to this market for unusual values, and how the individual investor can benefit.

Telephone ---------- or mail coupon below for your free copy

Blank & Co.,
Main Street, Anytown, U. S. A.

Without cost or obligation please mail me a copy of your pamphlet on the "Biggest Stock Market in America" containing data on unlisted stocks that have paid consecutive cash dividends from 5 to 169 years.

Name --

Address ------------------------------------

This pamphlet could also be mailed to the firm's regular customers and mailed to other prospects in the months to come as a "sales tickler" and used in other directions as developments indicate. As an informative piece it would go a long way to enlighten many people who are prejudiced against unlisted securities, because of their lack of knowledge of the way it functions and the opportunities available in this great market. As a salesman, I would select those clients whom I know are in this category, and I would write a short note to them and enclose it with the pamphlet. Something like this:

Dear George:

The enclosed pamphlet is something I wish you would read over carefully. It is one of the best informative pieces of its kind I have yet come across.

Regards

For those on the prospect list a more formal note could be sent with the pamphlet. The reason for a covering note, or short letter, is well known to all direct mail specialists. It takes your mailing out of the ordinary, run-of-the-mill category and dignifies it. Otherwise many good mailings have hit the waste basket without being read—and this one is too valuable to waste.

Conclusions

In the last analysis, success in obtaining customers depends upon the manner and diligence with which you follow up your leads. This pamphlet can open doors for your sales people, it can educate and beat down dogmatic and prejudiced sales resistance to good unlisted securities, and it can help you as a dealer in securities put your best foot forward. AFTER THAT YOU HAVE TO KEEP WALKING.

* * *

Several weeks ago I commented on a three-column full page ad placed in a Miami paper by Murray L. Smith of Carlson & Co. of Birmingham, Ala. Mr. C. informs me that this ad produced over 1,000 replies, including some from foreign countries. It pays to advertise, if you do it right!

Predicts Vest-Pocket Microfilmers

George L. McCarthy, President of Recordak Corporation, says time is not far distant when individual telephone directories may be distributed in microfilm form. Says microfilming can be combined with electronics.

George L. McCarthy, Chairman of the Board of Recordak Corporation, subsidiary of Eastman Kodak Company, in an acceptance address after an award given him by the National Microfilm Association for his pioneer work and contributions to microfilming during the past 25 years predicted that advances in microfilming technique may someday bring into common use a vest-pocket microfilmer and a microfilm telephone book about the size of a cigarette case.

George L. McCarthy

"The time cannot be too far distant," Mr. McCarthy said, "when individual telephone directories may be distributed in microfilm form for enlargement in a film reader built into the telephone instrument.

"If this seems a remote possibility, I should like to recall to you that a few weeks ago in New York a kitchen-of-tomorrow exhibit displayed an electric range containing its own, built-in film reader for projecting images of microfilmed recipes on a self-contained screen.

"If one can look at all of the photography as a form of microfilming, which it is in the sense that a vest-pocket camera can reduce the huge bulk of a mountain, a skyscraper, or a huge ocean liner down to 35mm film, then it does not seem unreasonable that the future should produce a pocket-size microfilmer."

Microfilming Combined With Electronics

Combining electronics and microfilming was predicted as the next logical step in the business of filing vast volumes of information and making them readily accessible for reference.

"Probably the most spectacular advances which loom upon the horizon," Mr. McCarthy continued, "involve the combination of microfilming with electronic machines of superhuman efficiency and speed.

"In this connection there is every reason to suppose that just as the mechanical tabulating systems of today will be superseded by electronic tabulation, the paper medium of the present-day tabulating system will also be superseded by coded microfilming reels for implementing the speed of these almost incredible creations of the electronic age, now on the threshold of general usage."

The public is not generally aware of the many ways the records of the individual are already maintained on microfilm, Mr. McCarthy's talk revealed. Birth certificates, bank statements, department store bills, milk bills, drug store prescriptions, laundry bills, social security records, income tax returns, insurance policies, census records, library cards, titles to property, railway and airline tickets, and the daily paper are among the many items now involved with microfilm at some stages of their production or preservation.

The State of Trade and Industry

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

Steadiness characterized total industrial output for the nation-at-large in the period ended on Wednesday of last week. Indications pointed to an abatement of the recent down-turn in steel ingot production. Output was only fractionally below the preceding week but continued to be 27% under the comparable 1953 level.

Initial claims for unemployment compensation again dipped from the preceding week and the total number of jobless was 1% below the week-ago level, it was reported. Unemployment, however, continued to be markedly above the similar 1953 level and constituted 6% of the labor force.

The United States Census Bureau reports unemployment inched up by 54,000 in the month ended March 15. This was the smallest gain in six months, it notes. But the gain contrasted with a decline of 114,000 in jobless rolls during the like 1953 period. Civilian employment rose, too, during the month—by 45,000 to a total of 60,100,000. The 1953 increase for the period was 396,000.

The steel industry shouldn't expect any big second quarter shot in the arm from auto buying, states "The Iron Age," national metalworking weekly, this week, since General Motors and Ford have actually been increasing steel inventories while distancing the automotive field in production. Both, especially General Motors, have been doing some extra buying as a hedge against a possible steel strike. If the steel labor contract is negotiated peacefully, this protective inventory could cause auto firms to cut buying deeper than they usually do during the summer, it declares.

Steel industry earnings were 38% higher in 1953 than they were in 1952, according to "The Iron Age" financial analysis of the industry. Although the industry shattered virtually every sales and production record in the book during 1953, net profit was second best to 1950.

Net income in 1953 was more than 4% below the 1950 record, despite the fact that sales were about a third greater. Three out of four reporting companies had better earnings in 1950, the financial analysis reveals.

Factors that tended to limit earnings in 1953 included price controls (lifted in mid-March), heavy taxes, higher labor costs and more competitive conditions beginning in fourth quarter. The tax burden was moderated somewhat by accelerated amortization on emergency facilities.

Competition forced steel companies to absorb freight, trim extra charges and eliminate premium prices where they existed. A major producer estimates that freight absorption alone cost him an average of 72c per ton in fourth quarter. If this were typical of the entire industry it would amount to about $13 million on the basis of fourth quarter shipments, or well over $50 million on an annual basis, concludes "The Iron Age."

Although the market picture has been disappointing so far in 1954, the industry according to "The Iron Age," still has these bright spots to contemplate: expiration of the excess profits tax; consideration at Washington of a change in the income tax law to base depreciation allowances on replacement rather than original cost; the fight to eliminate taxation of dividends (double taxation) looks more encouraging, and expectations that business may take a turn for the better during the second quarter.

The United States automotive industry built an average of 113,200 passenger cars and 22,500 trucks a week during the first three months of 1954, states "Ward's Automotive Reports."

Up to and including March 31, it notes, approximately 1,424,000 passenger cars and 284,360 commercial vehicles streamed off assembly lines. Compared to the first quarter of 1953, car output is 6% less and trucks are down by more than 17%.

Vehicle production last week totaled 135,407, dipping 2%, but was still only about 6% under the 21-week high attained during March 15-20.

"Ward's" reports that all Chrysler Corp. divisions except Dodge worked five days the past week, but Plymouth substained a 7% drop from the preceding week. Mercury put in only four days at Los Angeles and St. Louis to give Ford's total volume a downward nudge. Chevrolet also dipped slightly, but Olds-

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A Foreign Investing Laboratory

By A. WILFRED MAY

In Beirut, Mr. May notes the difficulty of securing foreign investment capital in the face of convertibility and other attending favorable fiscal factors, including tax privileges. Concludes other deep-rooted elements, as the political external and internal, will generally control investing decisions throughout the world.

BEIRUT, LEBANON—The tiny historic country of Lebanon offers the most highly significant conclusions about the possibilities of creating an international flow of Western investment capital.


A. Wilfred May

The colorful East-West gateway city of Beirut, the Tangiers of the Middle East, has for years enjoyed a free exchange market, with no controls over remittances of earnings and repatriation of capital. There are absolutely no restrictions on the investment of foreign capital. It is subject to the same regulations as those governing domestic investment. Interest, profits, and dividends as well as unlimited proportions of principal can be easily transferred out of the country. There is no restriction on the opening of letters of credit abroad.

Moreover, two months ago important tax concessions were enacted. On a favor-the-big philosophy, they exempt from Lebanese income taxes for six years companies whose object in doing business is different from existing ones, and providing its invested capital is at least one million Lebanese pounds ($300,000) and whose weekly payroll is 100,000 pounds. Although the law nominally is applicable to Lebanese as well as foreign corporations, its frank aim is to encourage foreign investment. In fact, the original impetus for the bill emanated from a local group seeking to establish a Westinghouse appliance plant in Beirut with both Lebanese and foreign capital.

Fiscal Factors Favorable

And the nation operates on a balanced budget, with income chronically exceeding estimates, with little military expense, without inflation, and without American aid excepting by way of Point Four.

The foreign trade account is balanced, with a sizable visible deficit being more than made up by revenues from their foreign investments, tourist trade, gold trade, and emigres' remittances.

Hence, with all these attending comparative quantitative advantages, this country's experience can furnish some indication of the maximum potentialities in the way of investment flow that can be expected from other countries which, as has been heralded in the case of Turkey, have eliminated restrictions on capital withdrawal; from countries like Greece, where withdrawals with a ceiling are now permitted—bearing in mind that the surrounding tax and budgetary factors here are quite exceptional.

One would suppose that this situation would constitute Lebanon a mecca for the foreign capital which this country so strongly desires on an equity basis. In fact such flow has been predicted on authoritative levels. When Eric Johnston, as "representative of President Eisenhower" arrived here a year ago to survey the possibilities for private American investment capital and the opportunity for developing chemicals and fertilizers, noting favorable labor and shipping costs, he talked most optimistically to a select group of 12 leading Lebanese businessmen, bankers, and the Prime Minister, predicting that American business capital would arrive shortly. Accordingly strong hopes were raised, entailing the filing of 20 applications for capital under the American MSA Office of Small Business. And on a large scale the Government is proposing a $100 million TVA hydroelectric system via the Litani River.

Mecca Unappreciated

But foreign investors persist in overlooking the favorable facts Practically no foreign capital has come in, excepting via the Iraq Petroleum Co. (owned by U. S., French, British, and Gulbenkian participation), Aramco., and a negligible amount put in by Westinghouse who have come in on a know-how basis in connection with assembling.

The main reasons for such forebearance, according to on-the-spot discussion with individuals concerned, appear to be mainly as follows:

(1) Fear of external political disturbance.

(2) The job of training a body of skilled industrial workers.

(3) A small local consumers' market, partially mitigated by the Arab Economic Agreement lowering duties on industrial products produced in Arab countries.

(4) Past practice on making some companies convert at the official rate (2.21) versus the going rate (3.26).

(5) The general anti-foreign, anti-colonialism feeling, spilling over from the political to the economic.

(6) Intermittent extra levies on foreign companies here, by a spawning bureaucracy. (90% of the City of Beirut's payroll is for political employees, and 60% of the national budget is thus devoted.) Under these conditions, the bureaucratic onslaughts become regular and competitive.

(7) Overhanging demagoguery against foreign capital. The Beirut Electric Co., a French concession since pre-war, is pulling out because of troubles with the government, the latter even having encouraged a buyers' strike against the paying of bills.

(8) Fear of local change of government.

(9) General distrust. The crux is not the law—which is only important over the short-term—but rather the basic national attitude.

Irrespective of whether these objections on the part of foreign investors are justified or not, their existing control over the investment flow here certainly warrants the conclusion that factors other than convertibility and legislated privileges will be important, and perhaps decisive.

Huge Massachusetts Turnpike Issue to Reach Market on May 4

William F. Callahan, Chairman of the Massachusetts Turnpike Authority, on April 7 announced that the date of Tuesday, May 4, 1954, has been set for the sale of approximately $240,000,000 Massachusetts Turnpike revenue bonds.

The date of the offering was selected, Commissioner Callahan said, following consultation with the managers of the underwriting group: F. S. Moseley & Co., The First Boston Corp., Blyth & Co., Inc., Tripp & Co., Inc.; the consulting engineers, Howard, Needles, Tammen & Bergendoff; the traffic engineers, who made independent surveys, DeLeuw, Cather & Co. and Coverdale & Colpitts; bond counsel Mitchell & Pershing; and counsel for the Authority, Ely, Thompson, Bartlett & Brown.

Seidman & Seidman Admit Partners

Seidman & Seidman, certified public accountants, announce that Alexander Loy of New York, L. William Seidman of Grand Rapids, and D. M. Johnson of Detroit have become members of their firm.

Now With Bache & Co.

DETROIT, Mich. — Edward F. Thomas has been added to the staff of Bache & Co., Penobscot Building.

Joins Don Miller Staff

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—David F. Sylvester has been added to the staff of Don W. Miller & Co., Penobscot Building.

Thomson & McKinnon Add

(Special to THE FINANCIAL CHRONICLE)

GASTONIA, N. C. — Claude E. Deal has joined the staff of Thomson & McKinnon.

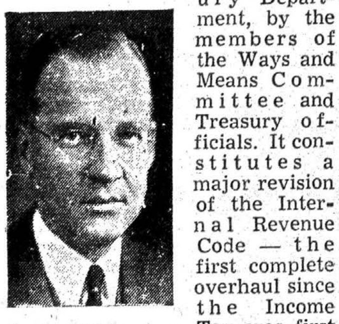
The Tax Revision Bill

By MARION B. FOLSOM*

Under Secretary of the Treasury

Commenting on the Tax Revision Bill now before Congress, Under Secretary Folsom says it is not a tax reduction measure, but a long overdue tax reform. Says it is Administration's view that present tax system, unless changed, will exert serious restraint on economic growth in the future, and lists as major revisions: (1) a more liberal policy toward depreciation deductions; (2) partial relief of double taxation on dividends; (3) liberalization of provisions for dependents and medical expenses; and (4) exemption up to $1,200 of retirement pension income. Reviews Administration's tax and budget policy.

The 875-page tax revision bill represents many months of intensive work by the combined tax staffs of Congress and the Treasury Department, by the members of the Ways and Means Committee and Treasury officials. It constitutes a major revision of the Internal Revenue Code — the first complete overhaul since the Income Tax was first adopted. Its purposes are to remove inequities; to reduce restraints on economic growth and the creation of jobs; to close loopholes; and to simplify the tax laws as far as possible.



M. B. Folsom

This bill was not designed as a tax reduction measure but it is a long overdue tax reform. Many of its provisions, however, will give relief to millions of individual taxpayers. The immediate enactment will be particularly helpful at this time when we need to encourage private spending by business concerns to create jobs, as well as spending by consumers.

Since we were first asked by the President, in his 1953 State of the Union Message, to review the tax system with a view to making recommendations to Congress, our aim has been to determine what changes should be made for the best interests of the country as a whole. We have been aided considerably by the studies of the tax system which have been made in recent years by Treasury and Congressional staffs, and by many organizations. Because of the tight budget situation, we have also had to keep constantly in mind the revenue loss involved in each change. We gave priority to those changes which were needed to remove the gross inequities or those which we thought would, by stimulating activity, increase the national income and, incidentally, tax revenues in later years.

Before discussing the major revisions in the bill, we should consider for a moment the background of our present tax system. It has grown haphazardly over the last 20 years with taxes being added on top of taxes. This, of course, was due largely to the great need for increased revenue to finance World War II and the defense build-up since Korea. It is almost impossible to revise a tax system with revenue requirements increasing, since almost every reform or revision results in some immediate loss in revenue.

Inequities and Handicaps

Some of the inequities and handicaps in the present system date back to the changes which were made in the early 1930's. The effects of these restraints were not so evident then because the Federal taxes represented a comparatively small amount of the total national income. We might be able to get by for a while with a bad tax system which takes 7% of the national income, as it did in 1936, but it is a different story when the Federal tax receipts represent about 25% of the national income, as they do today.

It is our view that the present tax system, unless changed, will exert serious restraint on economic growth in the future. In recent years, war and inflation have kept the economy active, and again the bad effects of the tax system have been hidden. None of us wants to depend on war and inflation in the future; we must depend on the normal incentives for growth.

Since World War II, there has been a persistent demand for revision of the tax structure. Many of the provisions of the bill have been recommended by Congressional committees in the past and by many organizations. For instance, the House Special Committee on Postwar Economic Policy and Planning (the Colmer Committee), which consisted of 10 Democrats and eight Republicans, made a number of recommendations in 1944 and 1946 on tax policy which would facilitate the conversion from war to peace and would encourage the creation of jobs. For instance, they stated that in the view of the heavy tax load which we would have for some time, all citizens, other than those below a minimum subsistence level, should bear some share of the income tax burden. They suggested that consideration be given to the elimination of the present double taxation of dividend income, and that this tax reform would not only correct an inequity in the present tax structure, but would also provide an important stimulus to risk capital. The reports also contained a proposal to permit greater latitude in making annual allowances for depreciation.

The Democratic minority of the House Ways and Means Committee, in 1947 and 1948, suggested a comprehensive revision of the entire income tax system and listed such important matters as double taxation of dividend and more flexible depreciation. Incidentally, this minority report was signed by many of the men who are now minority members of the Ways and Means Committee.

The Committee for Economic Development, in 1947, in its objective tax study, recommended, among other things, that the tax system be revised to give greater depreciation leeway; that tax rates be lowered rather than personal exemptions increased; and that steps be taken to reduce the double taxation of dividends.

Many other reports could be cited to show the demand for tax revisions and that the objectives of many provisions in this bill have had widespread support. In many cases there has been pretty general agreement as to what should be done.

Thus, this bill does not contain revisions which we have suddenly cooked up; its provisions are based upon many investigations and long objective study.

Some Major Revisions

Now let us look at some of the major revisions: first, the allowance for depreciation.

Prior to 1934, the taxpayer had wide leeway as to the amount which he could write off each year against his current income as allowance for the cost of machinery, equipment and buildings. So long as his policy was consistent and in accordance with sound accounting practice, the tax authorities raised little question, realizing that the cost could be written off only once. The law itself provides that "there shall be allowed as deductions . . . a reasonable allowance for the exhaustion, wear and tear (including a reasonable allowance for obsolescence)—." In 1934, in a search for additional revenue, the Ways and Means Committee was considering a bill to reduce depreciation allowances by 25%, across the board. The Treasury realized that this meat-axe approach would cause many hardships, especially to smaller businesses, and proposed a more flexible alternative, but one which would nevertheless increase the revenue considerably. This plan was adopted.

Since that time there has been a great deal of criticism that the allowances were inadequate and not in accord with actual practice. This probably is the most widespread criticism of the tax structure. In recent years many countries have considerably liberalized the treatment of depreciation, with the view to stimulating plant expansion and modernization. The changes were effective.

The revision bill would permit more latitude in selection of methods of depreciation and would permit larger depreciation charges during the earlier years of use. Under one method — the so-called double rate declining balance—about two-thirds of the cost of new buildings, machinery and equipment, including farm equipment, is depreciated in the first half of its life. This would encourage investment because the taxpayer could get a larger share of the cost back in a shorter period of time. It would be particularly helpful to small concerns in financing the purchase of new equipment. What we are doing is simply to allow tax deductions for depreciation in accord with the facts. As everyone knows, the value of an automobile, for instance, declines at a faster rate during the first year. In the long run, of course, there is no increase in tax deductions; in later years the tax allowance would be less but taxes higher. This provision is one of the most important in the bill and would greatly stimulate spending for modernizing and expanding plants and for creating jobs.

Next, let us discuss the provision to grant limited relief to the double taxation of dividends—a provision which many dispatches would indicate is the only thing in the bill.

There is an inequity in the present tax treatment of dividends. The corporation pays a 52% tax on earnings before anything is distributed to stockholders. Then the stockholder in turn pays a tax varying from 20% to 91%. If you follow through on $100 of earnings of a corporation you will find that the corporation pays a tax of $52, leaving $48. If all this were paid out in dividends, the stockholder in the lowest bracket would then pay a 20% tax, leaving him $38 out of the $100 and if he should be in the $50,000 bracket the net would be $13 for a single taxpayer and $20 for a married couple.

Prior to 1936 dividends were entirely free from the normal tax, which was usually the same as what we now call the first bracket rate. If we had the same

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*An address by Under Secretary Folsom before the National Press Club Luncheon Meeting, Washington, D. C., March 24, 1954.

The Clashing Economic Concepts of Two Worlds

By S. J. RUNDT

Export and Foreign Exchange Consultant

Asserting the Old World will not only have to seek trade instead of aid, if it wishes to survive, it will also have to expand, Mr. Rundt points out Europe's difficulties in adopting American methods and economic reforms. Lists as historically rooted economic precepts adhered to abroad: (1) ultra-conservatism and cynical pessimism; (2) absence of mass production, and (3) persistence of cartels. Concludes, in many areas outside our own, prices are artificially high and production unnecessarily low, while large-scale merchandising is studiously discouraged.

The Old World will not only have to seek trade instead of aid, if it wishes to survive. It will also have to "expand or die," i.e., accept a number of New World suggestions to streamline its antiquated economic structures and precepts, according to the Organization for European Economic Cooperation in Paris. These suggestions are made by the OEEC in the old countries' own interest as well as in an effort to reduce and ultimately to do away with U. S. loans and grants. It is therefore advice given to strengthen the entire western complex and the security of the occidental world.

S. J. Rundt

Several nations probably will have to widen their class-divided domestic markets, create mass consumption, relinquish their "high - markup - and - low - turn over" aspirations, and abolish the numerous restrictions limiting their output and absorption of goods, their man-hour productivity, and their merchandising scope.

Unfortunately, in the past, at least, some such well-meant and well-founded admonitions as those of the OEEC have resulted in detailed and lengthy but largely unkept promises.

This is a matter of real concern to American traders who are faced with overseas sources of supply and markets frequently unable or unwilling to comply with our standards when shipping to us, or incapable to absorb our exports. It is also of direct interest to the American taxpayer at large who in all likelihood will have to foot the bills of any imbalances or deficits developing in the wake of the failures of some of our friends abroad to put their own houses in order.

A banker has no right to demand that the children of an applicant for a mortgage attend a certain school. The banker can, however, insist that the hazardous roof be repaired atop the dwelling for which the loan is desired. By the same token, Uncle Sam is hardly permitted to interfere with the purely internal political problems of other sovereign nations. But the question arises whether he is entitled to make sure that such economic reforms be adopted by others requiring our help as would put the assistance-seekers on their own feet at the earliest possible time.

Unmitigated "dollar diplomacy," i.e., the threat of excluding from our aid any nation not willing to toe our line, would, indeed, as Secretary of State John Foster Dulles put it, "attack the very heart of United States policy." And, "cooperation between the free is a difficult and delicate process," which compels us to avoid "blustering and domineering methods." In the words of President Eisenhower, "What America is doing abroad in the way of military and economic assistance is as much a part of our own security as our military efforts at home. . . . We do this because unity among free nations is our only hope of survival in the face of the worldwide Soviet conspiracy. . . ."

The fact remains, however, that at least temporarily and partially, we have failed in several areas to win over some of our friends and allies to our tested and continually successful business methods. This has cost us dearly. What seems to have been laxity, compromise and condonation in this respect, may have both weakened western cohesion and lowered our prestige abroad.

Naturally, one cannot always be loved, although most Americans probably would like to be. But we should be respected, if for no other reason, because of our patent economic achievements in which most of the free world now shares. It appears to be logical that the recipients of our aid can muster less and less affection for the giver. It seems to be absurd, however, that our overseas allies quite often voice the opinion that "Whatever may work in the U.S.A. surely cannot function elsewhere." Such views are expressed even in matters in no way related to our wealth of resources or the size of our population and country.

Since V-E Day, we have spent about 40 billion aid dollars in various forms. Much of this huge sum helped to alleviate human suffering, rebuild war-torn regions, and to strengthen the anti-Communist bloc. More than $17 billion have been authorized and are still unspent. But already several years ago, it had become pretty obvious that we did not accomplish all we might have expected. The fault appears to be partly inherent in some of the traditional weaknesses of our overseas friends, partly due to our own inability to sell the American economic concept.

The almost miraculous recovery of West Germany, the boom of the Belgian department stores, and the easing of other internal economic strains in Europe, following some moves toward liberalization, seem to be proof that whenever Old World economies were freed from their own fetters—upon the insistence of far-sighted Europeans, but also along the lines of American prescriptions—they responded favorably.

Conversely, when Europeans failed to listen to any of our economic advice, when they refused to benefit from our experience, their national economies and bodies politic retained perilous instabilities beyond those resulting from comparative poverty in resources. Several of the historically-rooted economic precepts adhered to abroad for sociological and party-political reasons, account for such failures as the following ones:

(1) Ultra-conservatism and cynical pessimism, for instance in France, keep French entrepreneurs from having faith in their own country's future. Our grants have done little to change this.

The farmer in the Gascogne keeps his gold coins buried in his backyard. The factory owner does not reinvest a reasonable percentage of his profits in his own plant, not even earnings made possible by the Marshall Plan. The small shopkeeper received little or no help from us. Throughout, Frenchmen have elevated tax-dodging to a national sport. The flight abroad of capital continues. France, probably the weakest link of western unification efforts, in 1952-53 received the lion's share of offshore procurement orders, a total of $693 million, and currently spends the franc equivalent of $230 million in subsidies to prop French exports, including those destined to the Kremlin sphere.

(2) In, for instance, Italy the final retail price of many consumer goods produced with U. S. financial aid or American-supplied materials and machinery, is a multiple of the end cost to the manufacturer. Thus our assistance has not substantially improved the standard of living of the average Italian, was not mainly used to produce more mass consumption goods at lower prices. Instead, it primarily benefited a few politically favored fat cats whose short-sighted methods still help to guide Italy's internal policy. These observations were made by several U. S. Senators and Representatives of both parties who commented that the conditions still prevalent in Italy, in part with our help and/or tacit approval, contribute materially to the ever-present Communist danger in that country. (In Livorno, our Army's supply port south of Pisa, nearly the entire municipal administration is in Communist hands. If one looks about that dismal city and its utter poverty, it is not overly surprising that its inhabitants can be misguided by Red agitators, not to mention Red money which in part, by the way, is derived from U. S.-financed military orders given to Italian factories where Moscow-aligned labor organizations are the direct beneficiaries of offshore procurement.)

(3) In, for instance, Austria five-sixths of all products are the output some 200-odd cartels. In addition, trade and crafts are subject to licensing by what in effect are medieval guilds. They are supervised by inflexible code so that one must apply to one's own future competitor to enter a trade. Union membership is for all practical purposes compulsory, as is membership in the professional and business associations. The case is known of an American investor operating in Vienna who was forced by the unions to lower wages and by the industrial "chamber" to increase his prices. Little Austria (pop. 7,000,000 and the size of Indiana), received around $1.6 billion in overall U. S. aid, i.e., more per inhabitant or square mile than any other area in Western Europe. 44% of all direct Marshall Plan aid from 1948 to 1951 was invested in the Soviet Zone, including Soviet-surrounded Vienna, according to a public statement of a senior State Department official. To be sure, Austria's position is a most precarious one. The Russians occupy its eastern provinces where both industry and agriculture play an important role. And Austria has achieved noteworthy successes in the past three years. Its unfavorable EPU position has been remarkably reversed; savings climb steadily; exports have risen amazingly; a nearly strikeless economy and stable government have been maintained; the Communist Party, since 1945, has been unable to increase its strength above a mere 5% of the electorate. But the state-owned though not publicly-controlled banks have been charged with misuse of dollar funds; the New York "Times" reports in-

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Dealer-Broker Investment Recommendations & Literature

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

Aviation Stocks—Bulletin—Stanley Heller & Co., 30 Pine St., New York 5, N. Y.

Buy Low-Sell High—Non-technical book on investing—$2.00 per copy—Stockfax, 420-C North Sycamore, Los Angeles 36, Calif.

Camera Industry in Japan—Brief analysis in "Weekly Stock Bulletin"—The Nikko Securities Co., Ltd., 4, 1-chome, Marunouchi, Chiyoda-ku, Tokyo, Japan.

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

Issues at Discounts From Recorded Highs—Tabulation—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

Life Insurance Companies—Book analyzing the financial position and operating record of nine life insurance companies (**Aetna Life Insurance Company, Connecticut General Life, Continental Assurance Company, Jefferson Standard, Kansas City Life, Life Insurance Company of Virginia, Lincoln National, Monumental Life,** and **Travelers**)—John C. Legg & Company, 22 Light Street, Baltimore 3, Md.

Natural Gas Utilities in Canada—Bulletin—Ross, Knowles & Co., 330 Bay Street, Toronto, Ont., Canada. Also available is a selected list of **Common Stocks** and a booklet on **Commission Rates & Taxes** on the Toronto Stock Exchange and Montreal Stock Exchange.

New York City Bank Stocks—Comparison and analysis for first quarter of 1954—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance **over** a 13-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Public Utility Common Stocks—Bulletin—G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y.

Pulp Industry in Japan—Analysis in current issue of Nomura's Investors Beacon—Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also in the same issue are analyses of the **Electric Wire and Cable Industry and Spinning Industry** and discussions of **Investment Trusts in Japanese Economy** and current foreign trade.

Stock Recommendations—Bulletin—Cohu & Co., 1 Wall Street, New York 5, N. Y.

* * * *

American Locomotive Company — Analysis—Peter P. McDermott & Co., 44 Wall Street, New York 5, N. Y.

American Marietta Company — Study — New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y. Also available are analyses on **Central Indiana Gas,** and **Metal & Thermit.**

Arkansas Fuel Oil Corp. — Data — Thomson & McKinnon, 11 Wall Street, New York 5, N. Y. Also in the same circular are data on **Glenmore Distilleries Co., National Fuel Gas Company, New Jersey Zinc Company, Singer Manufacturing Company,** and **True Temper Corporation.**

Black & Decker Manufacturing Co.—Memorandum—Auchincloss, Parker & Redpath, 14 Wall Street, New York 5, N. Y Al-o available is a memorandum on **Union Tank Car Co.**

Bl[illegible]on Chemical Co.—Memorandum—Smith, Barney & Co., 14 Wall Street, New York 5, N. Y. Also available is a memorandum on **Northern States Power Co.**

Buffalo Eclipse Corporation—Annual report—Buffalo Eclipse Corporation, North Tonawanda, N. Y.

Central Maine Power—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y. Also available is a review of **Chicago Pneumatic Tool.**

Christiana Securities Co.—Bulletin—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Foremost Dairies — Analysis — Gartman, Rose & Co., 1 Wall Street, New York 5, N. Y.

Gulf Oil Corporation — Annual report — Gulf Oil Corp., P. O. Box 1166, Pittsburgh 30, Pa.

Hugo Stinnes—Circular—Oppenheimer & Co., 25 Broad Street, New York 4, N. Y.

Indiana Gas & Water Co.—Annual report—Indiana Gas & Water Company, Inc., 1630 North Meridian Street, Indianapolis 2, Ind.

Jefferson Standard Life Insurance Co.—Survey—R. S. Dickson & Company, Incorporated, 30 Broad Street, New York 4, N. Y. Also available are surveys on **Life & Casualty Insurance Co. of Tennessee, National Life & Accident Insurance Co., Life Insurance Co. of iVrginia,** and **Gulf Life Insurance Company.**

Koehring Company—Circular—Swift, Henke & Co., 135 South La Salle Street, Chicago 3, Ill.

Lunn Laminates, Inc. — Memorandum — Goodbody & Co., 115 Broadway, New York 6, N. Y.

New Jersey Natural Gas Company—Analysis—Sheridan Bogan Paul & Co., Inc., 1510 Chestnut Street, Philadelphia 2, Pa.

Oswego Falls Corporation—Analysis—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis.

Rheem Manufacturing Company — Detailed analytical brochure—Blyth & Co., Inc., 14 Wall Street, New York 5, N. Y.

Riverside Cement Company—Analysis—Ask for report **T-31**—Lerner & Co., 10 Post Office Square, Boston 9, Mass.

Southern Natural Gas Company — Annual report — Secretary, Southern Natural Gas Company, Watts Building, Birmingham, Ala.

State Loan & Finance Corporation — Annual report — State Loan & Finance Corporation, 1200 Eighteenth Street, N. W., Washington 6, D. C.

Telephone Bond & Share—Statistical information—Hourwich & Co., 27 William Street, New York 5, N. Y.

Travelers Insurance Company—Bulletin—A. M. Kidder & Co., 1 Wall Street, New York 5, N. Y. Also available are bulletins on **Connecticut General Life Insurance Co.** and **Aetna Life Insurance Co.**

Victoreen Instrument Co.—Analysis—May & Gannon, Inc., 161 Devonshire Street, Boston 10, Mass.

Western Air Lines—Report—Walston & Co., 35 Wall Street, New York 5, N. Y.

Our Reporter's Report

The new issue market remains in the throes of a tug of war between potential buyers and sellers with the former seemingly having the better of the contest as time wears on.

Several sponsoring syndicates which took up new issues, through competitive bidding sales, recently have seen fit to turn such undertakings loose when it was indicated that the market would not be likely in the near term to come up to their ideas of prices and yields.

Subsequent settling movements knocked large fractions to well over a point off the original reoffering prices and inversely raised the yields accruing to prospective buyers at the lower levels.

Out-of-town insurance companies and pension funds, including some of the larger units in Canada are not inclined to push purchasing at these levels, according to people who have been making the rounds to keep up contracts.

They have the money but are determined to buy choosingly being more disposed, at the moment, to sit back and wait things out.

Their contention is that they cannot see any reason for buying single A bonds on a 3.05% yield basis, arguing that a little patience probably will be rewarded with the opportunity to pick up double or triple A obligations on pretty much the same basis.

Mounting Calendar

Back of the reasoning of recalcitrant institutional buyers is the knowledge of the mounting volume of new offerings coming into prospect.

It is now calculated that from next week through the first week in May a total of some $220,000,000 of public utility bonds will reach market. But it is possible perhaps to overemphasize the weight of this figure.

Columbia Gas System, Inc. has $50,000,000 convertible, subordinated debentures due up for bids on April 21. But bankers can count on getting only a portion of this issue since it must be offered first to stockholders.

Again Commonwealth Edison's $50,000,000 of new 30-year first mortgage bonds involves only $10,000,000 of new money. The balance is aimed at refunding $40,000,000 of 3⅝% bonds marketed only last July.

In the same interval, however, there is an indicated $600,000,000 of new municipal and highway obligations scheduled to come on the market.

Penn. Turnpikes a Starter

The latter phase of financing got under way yesterday with the offering by a nationwide banking group of $233,000,000 of Pennsylvania Turnpike Commission bonds. These are due to mature in 1993 and were priced at par to yield 3.10%.

Next week the market will be called upon to absorb a smaller issue of road bonds, $27,200,000 offering by New Jersey Turnpike Authority, due in 1988.

And in the first week of May, the Massachussetts Turnpike Authority will bring its whopping big $240,000,000 offering to market. Together with the unsold municipals backing up in dealers' hands, these offerings should provide ample fare for the municipal-revenue bond market for a spell.

Other Issues Ahead

Among the other projected issues on which bankers are preparing to bid is Northern Natural Gas Co.'s proposed $40,000,000 of new debentures. Here again the aim is to redeem an issue of 4½s, put on the market less than a year ago.

Cleveland Electric Illuminating Co. is preparing an offering of $20,000,000 of new first mortgage bonds which it plans, if cleared by various agencies, to have up for bids the first week in May.

And Long Island Lighting Co. has registered $20,000,000 of new series E preferred for the purpose of redeeming a similar amount of preferred now outstanding and carrying a 5.25% dividend rate.

NSTA Notes

NATIONAL SECURITY TRADERS ASSOCIATION, INC.

The officers and members of the Executive Council of the National Security Traders Association met in Chicago Jan. 24, 1954, for their first meeting.

A great deal was accomplished at the meeting on Sunday Jan. 24th and on the 25th there was a meeting of the National Committeemen at which plans of the organization for the coming year were fully discussed. It was gratifying to have so large an attendance, and it is suggested that in future years every affiliate do its utmost to send the National Committeemen to Chicago for this meeting. It is centrally located, the time element away from the desk is small and the Bond Traders Club of Chicago holds its annual winter dinner at the same time so there would also be business advantages to be gained by being there. For the National, a great deal can be accomplished by getting the National Committeemen together at the beginning of the fiscal year.

After a discussion of the advertising situation, it was decided to eliminate entirely any quotas for the coming year on the "Commercial and Financial Chronicle" advertising for the Convention issue. It was decided that each affiliate would be given credit for all advertising turned in in their territory, either by themselves or through "Financial Chronicle" solicitations and **the affiliate would be given 6% of the gross on dealer ads and 10% of the gross on commercial ads;** in this way, local affiliates as well as the national organization, will benefit from all ads appearing in the Atlantic City Convention number of the "Chronicle" this year. Each member is urged to work as a member of the Advertising Committee and urge his house to reserve space in this issue, as well as endeavor to get additional advertising from banks, public utilities and corporations in whose securities they trade.

Preliminary plans were made for the Atlantic City Convention, which City is celebrating its 100th Anniversary. The hotel headquarters will be the Claridge and the plans and arrangements are in the hands of your able Chairman who has staged so many successful conventions—Edward H. Welch. It is too early to make reservations, but to help the committee in their planning, as well

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COMING EVENTS
In Investment Field

Apr. 12-16, 1954 (Philadelphia, Pa.)
Institute of Investment Banking second annual session at the University of Pennsylvania (sponsored by the Investment Bankers Association of America and the Wharton School of Finance and Commerce.

Apr. 29, 1954 (New York City)
Association of Customers Brokers anniversary dinner at the Hotel Roosevelt.

Apr. 29-30, 1954 (St. Louis, Mo.)
St. Louis Municipal Dealers Group annual outing.

May 7, 1954 (New York City)
Security Traders Association of New York annual dinner at the Waldorf-Astoria.

May 9-11, 1954 (Dallas, Tex.)
Texas Group Investment Bankers Association 19th Annual Meeting.

May 12-14, 1954 (Boston, Mass.)
Board of Governors of Association of Stock Exchange Firms meeting.

May 14, 1954 (Baltimore, Md.)
Baltimore Security Traders Association 19th annual summer outing at the Country Club of Maryland.

May 16-20, 1954 (Chicago, Ill.)
National Federation of Financial Analysts Societies Convention at the Palmer House.

May 21-23, 1954 (Fresno, Calif.)
Security Traders Association of Los Angeles-San Francisco Security Traders Association joint Spring Outing at the Hacienda-Fresno.

June 4, 1954 (Chicago, Ill.)
Bond Club of Chicago 41st annual field day at the Knollwood Club, Lake Forest, Ill.

June 4, 1954 (New York City)
Bond Club of New York 30th annual field day at the Sleepy Hollow Country Club, Scarborough, N. Y.

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

June 11, 1954 (New York City)
Municipal Bond Club of New York 21st annual outing at Westchester Country Club and Beach Club, Rye, N. Y.

June 16-17, 1954 (Minneapolis, Minn.)
Twin City Bond Club annual picnic cocktail party, Hotel Nicollet June 16; field day and golf tournament, White Bear Yacht Club, June 17.

June 18, 1954 (New Jersey)
Bond Club of New Jersey annual field day at the Rock Spring Club, West Orange, N. J.

June 24-25, 1954 (Cincinnati, O.)
Cincinnati Municipal Bond Dealers Spring party.

Sept. 22-26, 1954 (Atlantic City)
National Security Traders Association Annual Convention at the Hotel Claridge.

Sept. 23-25, 1954 (Minneapolis Minn.)
Board of Governors of Association of Stock Exchange Firms meeting.

Sept. 24, 1954 (Philadelphia, Pa.)
Bond Club of Philadelphia 29th annual field day at the Huntington Valley Country Club, Abington, Pa.

Common Stocks as Investments For Life Insurance Companies

By H. EVERETT WOODRUFF*

Vice-President in Charge of Investment Department, New York Life Insurance Company

Investment executive of large life company reviews history of insurance company investment in common stocks and points out basis on which such investments should be made. Advocates a "dollar average" plan in timing purchases. Reveals experience of New York Life Insurance Company with common stocks, and forecasts Dow-Jones Industrial Average will reach 400 before it touches 200.

Background

At the close of World War II common stocks were legal investments for life insurance companies in only 28 states and total holdings for the industry at that time amounted to but $266,000,000. Since 1946 the total investment for the industry has risen to $861,000,000, or a gain of $595,000,000 and common equities are now legal in 38 states. In fact, it was only in March of 1951 that life insurance companies operating in New York State were permitted to purchase certain common stocks.

Very briefly this law permits us to invest the lesser of 3% of total admitted assets or one-third of surplus in common stocks. Such stocks must be registered on a national securities exchange and have paid cash dividends in each of the last 10 years and earned 4% on par value. Investments in a single company are limited to one-tenth of 1% of our admitted assets (for New York Life a little over $5 million) and we cannot own more than 2% of the outstanding common stock of any company. Furthermore we are not allowed to buy bank or insurance company stocks.

Theory

All of you are well aware of the long-term trend in interest rates and how this has tended to contract the sound opportunities to place funds at work in investments of maximum safety that provide an adequate rate of return on the funds employed. Being faced with these conditions we at New York Life studied the entire matter of common stock investment since we believed that they afforded the life insurance companies greater general investment flexibility, and, most important, an opportunity for higher yields on the new money which we are constantly investing.

However, before inaugurating our program, critical appraisal was given to the following questions:

(1) Is the difference in yield between 3% on a typical bond and 5% on a high-grade stock of material benefit to the policyholders?

(2) Does the extra return compensate for the difference in the degree of risk and greater volatility of the market values of common stocks?

A very substantial part of the money that we employ today provides a return that will be compounded semi-annually over a long period of years, probably averaging 30. Such a feature of life company investment operations, that is, the compounding of interest over a long period, is often overlooked by the ordinary individual but the actuary knows of its tremendous force in the growth of policy reserves.

I will give you a simple illustration of this factor at work. (I hope I have enough individual example sheets for distribution to all of you.) Let us start with a million dollars. If this is invested in a 3% bond maturing in 20 years, and the interest reinvested at the same rate semi-annually the total dollars received by the end of 20 years would amount to $1,814,000. On the other hand, the same one million dollars if invested in common stock affording a 5% return and similarly compounded would provide a total value of $2,685,000 at the end of the 20-year period. The difference of $871,000 in value represents the result of compounding the 2% yield differential. Stated another way, if 5% dividends were maintained for 20 years and were set aside each year in a fund, the market value of the portfolio could decline by 87% and the net value of the fund would be the same as that accrued by 3% bonds. Don't forget, 3% money takes about 24 years to double itself whereas it takes only 14 years for 5% money and only 12 years for 6% money.

Without going further, the foregoing illustration has already provided the answer to our question—to our mind the higher yield is of material benefit to the policyholders and is more than adequate to compensate for the difference in the degree of risk

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*A talk by Mr. Woodruff at the Alumni Home-Coming Conference of the Graduate School of Business Administration, New York University, New York, March 20, 1954.

The Three R's for Today

By HERMAN W. STEINKRAUS*
President, Bridgeport Brass Company

Recommending application of "reading, writing and arithmetic" in judging business conditions, prominent industrialist points out how reading news and trade papers, writing more personal letters, and "adding new lines, new salesmen, new warehousing and at same time, subtracting unprofitable lines of a business enterprise," can help the economy. Urges dividing size of sales territories and cultivate existing markets more intensely

With the slight falling off of business throughout the country from its all-time peak of 1953, everyone is asking the oracles or the miracle men to tell them whether we are in a depression, a recession, or some other form of serious business ailment.

H. W. Steinkraus

I would like to recall the early days of the country's business when we did not have large numbers of economists, commentators, columnists, and many others writing, speaking, and T-V-ing about things they know very little about. Most of them have never had to run a business but are disturbing others who do with their warnings of calamity to come.

So I would like to talk a little bit about the simple approach which used to be so much the order of the day, and which we still find many people using who do not understand highbrow economic terms. These are the familiar three R's — reading, writing, and arithmetic.

The formula I would like to recommend to the members of your Association is to return to the use of reading, writing, and arithmetic.

I will speak only briefly about reading—but surely there is a lot of stuff in trade papers, newspapers, and magazines that give suggestions to our business. There are good prospects developing all the time who are mentioned in the daily business sections of the newspapers. It is more important to find the names of some new business that is just opening up than it may be to read a column on economics.

On the writing, how many of us are following the simple procedure that Jim Farley found so successful when he was Postmaster General? Jim Farley had a simple formula for writing. Every time an acquaintance of his, or someone whom he ought to know, did something which brought his name into the news, Jim Farley would write him a nice letter and sign it with green ink. There didn't a day go by that Jim didn't write some thank-you letters or congratulatory letters, and he made himself a host of friends all over the United States.

How many of us take the time to write a good customer a nice letter of thanks when he sends in a nice order? We get out elaborate catalogues, we get out mailing pieces of a stilted variety—but a little writing of simple, friendly, personal letters, followed consistently over a period of time, might prove to be the most successful writing you could do.

When we come to arithmetic, we naturally have to learn about addition, subtraction, multiplication, and division. I want to talk about each of them.

Under addition, I propose that the members of your organization give serious consideration at times like this, when you have to offset the loss of some of the business you had, to the use of addition. Add new lines, add new salesmen, add new warehouses, add new handling facilities, add new methods of giving better service.

Under subtraction, I suggest subtracting the unprofitable lines that you have been worrying about for a long time. Subtract the people who have not been sure whether they want to work or not and who don't make a real contribution to the business. Subtract those things that waste time, and save that time for profitable occupation.

Under multiplication, I suggest that we multiply the number of calls we make. If every man would increase the number of personal calls and telephone calls by 10% or more each day it might offset the 10% drop in business that you may be experiencing. Multiply the number of ways you go after business. If you are only contacting them with one medium of effort, multiply the number. For example, increase the use of telephone, direct mail, personal solicitation, or any phase on which you may have been weak.

Under division, divide the size of your territories so that you can cultivate your market more intensively. For your men who are the heads of your businesses, divide your authority and your responsibility, spread it to more men—don't keep so much of the control of the business in your own hands. That will help give your men new incentive to work and to increase their efforts. Last, but not least, divide some of the profits in the organization in the form of bonuses for your people.

Some of these simple rules of reading, writing, and arithmetic are just as pertinent today as they were years ago. Maybe we have forgotten them because of the tremendous amount of highbrow literature now being handed to us.

Let's get back to the simple approach, and we might be surprised how quickly our business will improve.

*From an address by Mr. Steinkraus before the Copper and Brass Warehouse Association, White Sulphur Springs, West Va., March 24, 1954.

Joins McDaniel Lewis

(Special to THE FINANCIAL CHRONICLE)

GREENSBORO, N. C.—William R. Holmes has become connected with McDaniel Lewis & Co., Jefferson Building.

Beadling Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

YOUNGSTOWN, Ohio—John C. Wick has been added to the staff of Beadling & Co., Union National Bank Building.

With Eldredge, Tallman

CHICAGO, Ill.—Samuel Levinson, Chicago real estate operator, is now associated with Eldredge, Tallman & Co., 231 South La Salle Street, as a registered representative.

Business for the Remainder of 1954

By A. W. ZELOMEK*
International Statistical Bureau, Inc.

Crossing swords with "the prophets of doom," Mr. Zelomek holds there will be no major depression in our lifetime, because of the responsibilities imposed upon America as world leader. Cites facts of the current downward trend, and lays current decline to badly needed inventory readjustment. Gives reasons why decline will not extend much further, and looks for continued high level of defense spending. Predicts a higher disposable income in 1954.

I've observed plenty of businessmen in plenty of industries, and I know of no group that has to have more thorough knowledge of their commodity and industry than the purchasing agents do. I know of no group that has to have more of a general, over-all knowledge of world events and their impact on their particular commodity and industry. I know of no group that has to be more realistic in its operations.

A. W. Zelomek

Some Background Stuff

My aim here this evening is to try to give you some of this background stuff in a way that will be helpful to you in your specific operations. By analyzing the causes and the extent of the present downturn in business, I think we can arrive at some conclusions regarding how long it will last, how far it will go, and where and when it will first begin to pick up. You're going to have to listen to some figures, though I'll try to give you as few as possible. But it would be irresponsible of me just to give you my conclusions off the cuff, with no indication of my reasoning. I want you to know why I think what I think. Because I believe that my forecasts are as solidly grounded as forecasts can be.

Right now it is easy enough to hear complaints about bad business, among producers as well as among distributors, among large concerns as well as among small concerns. Although, of course, the complaints vary with the individual and the organization.

There is no denying that general business is down from the top. There is no denying that we are in a business readjustment. As a matter of fact, this business readjustment was indicated as long as a year ago by those who were then able to recognize the signs. So far, the correction has not proceeded below expected levels, even taking into account the sharp gain in unemployment and some of the dire predictions.

Crossing Swords With Prophets of Doom

Now in the last year, whenever I have talked about the nearby business outlook, I always find myself crossing swords with the prophets of doom. I have to do it again. I have to say to you that the the forecasts of some economists are far more alarming than warranted by the actual situation. I don't like to throw a lot of statistics at you, but I will say that most of the important indicators, while showing declines from the 1953 highs, are nevertheless making excellent showings in relation to earlier years.

Remember that we've been scaling the heights ever since the early forties. We've been experiencing the greatest and most sustained period of high activity in our whole economic history. We've kind of got accustomed to sailing in the clouds. Perhaps this is why the current decline seems to assume unwarranted proportions. But remember, this is a decline from Mount Everest, and we've never been higher than Mount Washington before. Perhaps this will help us to keep the present situation in perspective.

Since the end of the war there have been, in many quarters, expectations of a sharp postwar decline. And then this temporary readjustment comes along, and too many people assume that this is the sharp postwar decline. They expect that this will be another 1920-21 or 1937-38. Some even believe that it will become another 1930-32. These predictions are based on the false premise that history will always exactly repeat itself.

I say false premise, because those who make the comparison evidently fail to realize that America in 1953-54 is quite different from America in 1920-21 or America in 1930-32, or America in 1937-38.

Those who have expected a major recession or depression evidently have not realized that, while history doesn't exactly repeat itself, it does teach us something about our past mistakes. I think most of you have read my recent book, "No Major Depression in Our Lifetime." There I made the point, which I want to repeat now, that the responsibilities imposed upon America by world leadership will force us to avoid a major depression at this time or any time in our lifetime.

Does this sound over-confident? As I promised, I'm going to give you my reasoning in a few minutes.

Present Downward Trend

Here are the facts on the present downward trend:

Production is off 11% from the 1953 high.

Unemployment is up to 3.6 million; but it is still 1.1 million below the 1950 high.

We do **not** see such symptoms of previous major recessions as drastic declines in prices, a sharply lower securities market, bank failures, sharply mounting bankruptcies.

Now, before we go on to analyze how much further the decline will go, it is necessary to determine the reason for the decline, to diagnose it, and to determine which of the factors may have about run their course.

I believe that the decline from the 1953 high, which has been a normal readjustment even in a rising business trend, was due to the following:

(1) Production expanding too rapidly, with a resultant overproduction and accumulation of inventories. I'm going to go into the question of inventories in just a moment.

(2) A lower level of defense orders following the termination of the Korean War.

(3) A very tight money situation during the early part of 1953.

(4) Declines in farm income, due mainly to the lower level of farm prices, a trend which has

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*An address by Mr. Zelomek before the Purchasing Agents Association of Elmira, Williamsport, Pa., March 25, 1954.

The 1954 Outlook for The Oil Industry

By FRANK M. PORTER*
President, American Petroleum Institute

Executive of leading association of oil producers maintains there is a bright future for the oil industry this year, but warns that an alert eye be kept on arising problems. Looks for a high level of exploration and development by oil producers, with considerable stabilization of prices and market. Cautions petroleum industry, however, to beware of a continuous over-supply of its markets, unless it is willing to face an ultimate period of adjustment. Concludes petroleum industry "is still a darn healthy cow."

On March 30, 1950, just about four years ago, it was my privilege as President of the Mid-Continent Oil and Gas Association to appear on your program and say a few words to this same group. Shortly thereafter I was elected President of the American Petroleum Institute. During the interval since then, which I might say I have personally enjoyed very much, I have had the opportunity to attend a number of district meetings of the Production Division in all parts of the country. These meetings have grown in size and interest due, of course, to expanding activities and the increasing support of members but, beyond that, to the leadership that has been displayed by the various Vice-Presidents of the Division. Jack Pew, now in that capacity, is another outstanding example of the men who have given freely of their time and energy in building up and improving this particular activity. You should be, and I am sure that you are, most grateful for their efforts. Then, again, we have found an able successor to Carl Young in the person of Bill Strang. It has been particularly pleasing to me to see the manner in which he has taken over his assignment.


Frank M. Porter

Many things have happened and much water has gone over the dam in these past four years that have had a bearing on the economy of this oil business. I might mention, among others, the Korean war, the refinery strike of 1952, and the impact of the fast-growing natural-gas industry. Then, of course, we have passed from a sellers' to a buyers' market in that the industry is confronted with a world-wide over-supply of crude oil and refining facilities. There should be, however, no cause for alarm. This industry is noted for its farsighted leadership and its ability to weather storms and emerge with a fair measure of stability.

A New Political Attitude

One thing sure and certain that has been for the better is that we are not continually confronted with representatives of the Administration roaming around the country, attacking all business in general and the oil business in particular. The presidential elections of 1952 were, of course, the outstanding event of the period we are talking about. It is my sincere hope that the country will give the present incumbent a fair opportunity to carry out his program.

It has been interesting to me to review the talk that I made here in 1950. Among the things discussed were the various problems then confronting the industry such as attacks on percentage depletion, legislation looking to the clarification of the Natural Gas Act, the importation of crude oil and products, Tidelands, Congressional investigations, and attempts at the end-use control of fuels. Of these subjects only one has been laid to rest. That is the Tidelands issue which has been resolved so that the states are again enjoying ownership of the submerged lands within their historical boundaries while the Federal Government has jurisdiction over the balance of the Continental Shelf.

I know that some people have a feeling, inasmuch as these problems are raised year after year and nothing happens to affect the industry adversely, that perhaps we become unnecessarily alarmed when we urge continued awareness. So, let me say to you that it is only through eternal vigilance and unceasing efforts on the part of many friends, associations, and individuals that we have been able to retain those things and those freedoms which have made this industry great.

Percentage depletion, which we all agree is the foundation stone upon which rests the entire economy of the production end of the business has only been kept in its present form by the activities of those groups and individuals from this and other producing states who time and time again have rallied valiantly to the cause. This year bills have been introduced in the Senate calling for the reduction of the percentage depletion allowance from 27½% to 15%. Thus the industry is once more called upon to protect this all-important factor in its economic well-being.

The Natural Gas Act

Passing on to the Natural Gas Act and the necessity for clarification: the Supreme Court of the United States has under review a decision of a lower Federal Court which set aside a finding of the Federal Power Commission to the effect that after a full and complete investigation, the Phillips Petroleum Co. was not a natural-gas company under the Act. Whichever way the Supreme Court may decide, the Natural Gas Act should be amended so that there will be no question in the future as to the exclusion of production and gathering. I cannot too strongly stress the importance of this subject. As you may recall, efforts were made over the past six or seven years to secure legislation freeing production and gathering from any possibility of being involved under the Act. The last attempt was in 1950 when the so-called Kerr Bill passed the House and Senate and then, due to the pressure exerted upon him, President Truman vetoed the bill.

Time does not permit a detailed statement of the many factors that entered into this fight which, after all, was to determine whether the producer of a raw commodity is entitled to a competitive and realistic price for his product or whether, by bureaucratic fiat, the consumer in the North and East should be given a price advantage to which he was not entitled. The fight was a bitter one. The basic issues were: (1) Should the power of the Federal Government be extended to control the maximum price of a raw commodity while it is still in the hands of the producer or owner, it being accepted without question that gas in this instance is a raw commodity; (2) Should the conservation of this valuable natural resource be left to the states where it properly belongs, or should it be placed elsewhere by government edict; and (3) Should the Federal Government depart from its traditional role of regulating commerce between the states, thus bringing persons and corporations not engaged in interstate commerce under its jurisdiction.

Interesting in this regard is a statement by the National Oil Policy Committee of the API which says in part: "that natural gas is truly part and parcel of petroleum, is found by the same development methods as for oil, involving the same investment hazards and risks, and in the hands of the producer and gatherer is likewise entitled to equally free markets under our competitive enterprise system. The amount of energy contained in our available natural gas reserves is comparable in quantity with all other petroleum reserves. The decisions of the Federal Power Commission and the Courts which would subject production and gathering of natural gas and the price received by the producer, to control by the Commission are contrary to the intent of Congress and are preventing the movement to consumers of vast quantities of natural gas under competitive conditions. A sound national policy was intended to be established by Congress in this regard in the Natural Gas Act of 1938, by exempting production and gathering of natural gas from such control. It is in the public interest, both of producers and consumers, that such control or threat of control by the Commission be removed by Congress."

The Question of Oil Imports

Then we come to the question of imports and, strange to say, the issues are just about the same today as they were in March, 1950. Domestic producers strongly contend that they have been injured by being forced to cut back their daily production and feel that imports are to a great measure responsible. On the other hand, the importing companies have not seen fit to reduce the volumes they bring in. It seems, however, that there has been a leveling-off in the daily rate. Surely there has been a genuine effort put forth by all parties concerned to bring about a fair solution of this complex problem without legislation.

Now as to Congressional investigations, I think we can still expect to have them periodically, but I do hope that we shan't again experience hearings comparable to those occasioned by an increase on June 15, 1953, in the price of crude oil and the resulting small advance in the price of gasoline. The written record of this hearing is not too bad from an industry standpoint, but unfortunately the attendant publicity followed the Washington pattern of attack. In other words, it apparently did not constitute news for us to contend that these advances were justified and to prove that contention. On the other hand, unjustified attacks by demagogues are always spread over the front pages of the newspapers throughout the land. The report of these hearings has not been issued as yet. I am hopeful that it will portray the industry in a better light than was indicated during the hearings.

End-Use Control of Fuels

There never seems to be an end to attempts at legislation that would bring about the end-use control of fuels. Professional planners and would-be administrators, using the fallacious argument that we are fast becoming a have-not nation with respect to natural resources, constantly advocate a governmental bureau or agency that will tell the American people what type of fuel they shall use, in what quantities, and for what purpose.

Not only do we have this to contend with from some in government, but there appear to be outside influences also at work. Illustrative of this, about a year ago there came into being in Washington a nonprofit corporation financed by the Ford Foundation known as Resources for the Future, Inc. Various companies and associations were invited to be sponsors of what was termed a Mid-Century Conference on Resources for the Future, with a meeting scheduled in Washington last December running for three or four days. After due consideration the American Petroleum Institute agreed to be one of the sponsors with the thought that we might be helpful in keeping the project on an intelligent and constructive basis. It was also possible to secure the services of the Honorable Lewis W. Douglas to head the Conference as a public service. I believe the best way to summarize the actions and results of the Conference is to quote in substance a paragraph or two from a report by the API representative who participated in the deliberations:

"At the December meeting approximately 1,700 so-called experts on the technical, economic, and social aspects of resources problems devoted three days to examining the natural resources position of the United States today and its future prospects. The Conference opened with a general meeting and then resolved itself into a number of panel discussions. The oil industry was mostly interested in the panel called 'Energy Resource Problems.' The original background material prepared for the discussions by the staff and by the Brookings Institution was very much on the pessimistic side. It was generally assumed that the United States was on the verge of depleting many of its natural resources and that these needed to be carefully conserved by stringent control over their end-use and by restrictions on the withdrawal of resources from the ground. I might note here that less than 10% of the listed attendants at the Energy Resource Problems session represented the oil industry and that there was a very large attendance from educational institutions and government agencies. In view of this, there was a very good possibility that the forum would advocate strict government control over the country's energy and other resources. What really happened, however, was the complete reversal of this original theme. This was accomplished to a large extent by revising the questions to be considered, as well as by the vigorous opposition to such a theme presented during the meetings themselves. Industry participants expressed complete confidence that the energy needs of the country can be met and that the resources to do this are adequate and that the free-enterprise system can do the job with a minimum of government help.

"Another benefit of the Conference was that is presented opportunities for cross-education. Industry people, in particular, gave a great many discussions on such matters as the difference between crude reserves and ultimate availability of petroleum, the background and reasons for the depletion allowance, and the

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*An address by Mr. Porter before the Spring Meeting of the Mid-Continent District, Division of Production, American Petroleum Institute, Oklahoma City, Okla., March 18, 1954.

A Record of Activity for U. S. And Canadian Bond Market

By J. ROSS OBORNE*

Nesbitt, Thomson & Company, Ltd., Montreal, Canada

Canadian investment banker, in pointing out increased activity and rise in bond prices, reviews factors which affect bond prices in Canada. Ascribes premium on Canadian dollar to "more U. S. money coming into Canada than is going out." Says premium creates a problem for Canada, since it makes Canadian securities less attractive to Americans. Looks for further price rises, however, in Dominion, Provincial and Corporation bonds.

The bond market of 1954 will long be remembered by investors and speculators alike. Seldom in a period of so few months have such handsome profits accrued to holders of high-grade securities. The early 1954 market with a daily turnover of millions of dollars of government, provincial, municipal and corporation bonds has made the stock market look like a penny ante operation by comparison. Fortunate have been those who, in the last six months, have invested rather than speculated, for bonds have in effect been the best "speculation" of all.

J. Ross Oborne

On Dec. 31, 1953, Canada 3% bonds due Sept. 1, 1966, were selling at $93⅞ to yield 3.61%. At the time of writing they are selling at $97⅞ to yield 3.21%. Similarly Canada 3¾% of Jan. 15, 1978, have risen from $100⅞ to $103⅞.

Short-term bonds, too, have had their run. Canada 3% due 1956 have risen a point and the 3% due May 1, 1958, two points. To the average investor, these increases may not appear large, but when the volume of transactions is considered the profits have been phenomenal. To use a further example, if an investor had purchased $25,000 of the Canadian National Railway 3¾% Feb. 1, 1974, at the issue price of $99½ a few months ago, he could now sell them at $102¾, a profit of 3¼ points or $812.50. An investment of $25,000 seems like a big one, but keep in mind the security is of the highest grade, being guaranteed by the Government of Canada and thus quite acceptable to a bank as collateral. A deposit with a bank of $1,250.00 would have carried the $25,000 and thus in effect a profit of $812.50 would have resulted from the investment of $1,250.00, a gain of over 66%.

U. S. Policy the Key

The big change in the bond market really started back in June of 1953 in the U. S. A. At that time the U. S. Government, abandoned their "hard money" policy. In other words, they decided that it would be better for the economy if it cost less for people to borrow money. The theory, of course, is that if the price charged for the hire of money is reasonable then more people will borrow money and more dollars will be put in circulation. The more dollars there are available, the more goods will be purchased and the more people kept at work. Keeping people at work is the key to the situation. Unemployment figures had started to rise in June of 1953 and this trend has continued. Consequently interest rates on borrowed money have been deliberately forced down and are continuing to be forced down at the time of writing in the hope that the trend of unemployment can be slowed up and then reversed. A change in the basic interest rates reflects itself all down the line. Banks lower the rate they charge to borrow money, mortgages bear lower rates of interest, Government, State and Corporation bonds carry lower coupons. In terms of the bond market "yields" on securities become lower and prices higher. It works this way: if a long-term U. S. Treasury bond bears a 3¼% coupon, then at a price of $100.00 the yield is 3¼%. If the basic interest rate changes so that the U. S. Government can sell the same type of bond at $100 with an interest rate of only 2¾%, this changed rate then reflects itself in the price of the presently outstanding 3¼% bond. Thus we find that the 3¼% bond sells to yield 2.75% and the bond rises in price from $100 to $110.

This is the reverse of what had been happening in Canada up to June of 1953. We all remember, for example, buying Dominion of Canada 3% due Sept. 1, 1966, in 1945 at $100 and subsequently seeing them hit a low price of about $93 in the first half of 1953. They went down because yields became higher and thus prices lower. As previously mentioned the reverse trend has now caused these bonds to sell at $97⅞.

Canadian Market Tied to U. S.

Our Canadian bond market, fortunately or unfortunately, is closely allied to the U. S. bond market. If yields change in their market, they change in our market too, but not necessarily to the same degree. They change in our market because so much U. S. money comes to Canada for investment purposes. It comes to our market when it can obtain a higher interest rate for its use than it can in the U. S. market. Through the recent period of lower yields, millions of dollars of U. S. money have been invested in our high-grade securities. This has taken place even though there has been a stiff premium on our Canadian dollar. For example, the return on average of the highest grade U. S. Corporation bonds is about 2.95%. A U. S. investor even after paying a premium on our dollar of about 3½% can buy long-term Dominion of Canada bonds to give a yield of about 3.30%.

Traditionally the difference in yield between long-term U. S. Treasury bonds and long-term Canada bonds has been about one-half of 1%. During the period of changing rates in the last few months, this spread widened at one time to 1%. At the present time the difference is about three-quarters of 1%. Small wonder that money has been attracted here even with the premium on our dollar.

Now let's see how all this affects Canada and why our dollar should be selling at a premium over the U. S. dollar. The premium, like everything else, is due to the simple laws of supply and demand. It is affected basically by two main factors. The first one is our trade balance. Canada presently imports a great deal more from the U. S. than she exports. This results in a deficit trade balance. Thus, in terms of trade, we have more Canadian dollars leaving Canada than entering it. If the value of our dollar was affected by trade alone, then it would be at a discount. It is not at a discount because the other main factor more than counter-balances the trade deficit.

This other factor is the large inflow of investment money from the U. S. Such investment is made up principally of U. S. money buying our presently outstanding bonds as well as new issues of provincial, municipal and corporation bonds which are sold in the U. S. market alone. A recent example is an issue of $50 million Ontario bonds sold only in the U. S. A. because a lower rate of interest could be obtained in their market.

Thus to sum up we have a great deal more U. S. money coming into Canada than is going out. Hence the premium on our dollar is created by a greater demand than there is a supply.

Adverse Effects of Premium

This situation has its drawbacks as far as Canada is concerned. A premium on our dollar makes it more expensive for other countries to buy our goods. In particular our textile and base metal industries have been adversely affected. The textile companies have been hard hit by foreign imports. Our companies have not been able to compete with U. S. companies who, because they are selling in our markets, get the advantage of the dollar premium. The base metal companies who export a high percentage of their production to the U. S. are suffering because of lack of demand, in part caused by the premium that the U. S. buyer has to pay. In this case lower price for base metals and oversupply is also to be considered. Paper companies, who in the main rely entirely on export, are also feeling the effects of the premium.

All Canadian companies who export their goods suffer in competition with companies in other countries producing the same goods. We have seen many recent examples here of contracts awarded in foreign countries because the price is lower. The premium, coupled with our high standard of living, makes our basic costs higher than those required to produce the same goods in foreign countries.

A problem then for Canada is the premium on our dollar. If our dollar were at a discount, our export companies would then be

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*Reprinted by permission from "Saturday Night," Canadian Weekly Magazine, April 3, 1954.

Objectives of Securities Regulation

By RALPH H. DEMMLER*

Chairman, Securities and Exchange Commission

After pointing out economic power in the growth of aggregations of capital and the need for avenues of investment, Commissioner Demmler stresses the need for legal controls on those who gather together and administer capital furnished by others. Says objectives are: (1) to encourage investment; (2) to avoid meaningless obstacles to capital accumulation, and (3) to furnish opportunity to develop full potential of an enterprise. Lists ten major functions of Securities and Exchange Commission, as provided by the statutes it administers.

The economic history of this nation is a history of response to forces of incalculable magnitude — growth of large aggregations of economic power, the availability, indeed the rush, of surplus wealth for investment, the struggle of the great powers, the responsibility of world power, the development of weapons of mass destruction. Let us try to classify, if we may, the techniques by which such forces are handled. At the risk of oversimplification we can say that two methods have been employed — sometimes alternatively, sometimes concurrently—the development of counter forces or the imposition of legal controls.

Ralph H. Demmler

Let me illustrate what I mean. Take the development of large aggregations of economic power represented in our giant corporations. Counter forces operating to control that power are competition of rival businesses and the collective bargaining power of labor unions. The legal controls operating to control the power are the anti-trust laws, the labor management relation laws, and the securities laws. Sometimes there have been attempts at voluntary self-imposed controls such as the cartels of Europe, or the old NRA codes under the short-lived and unconstitutional National Industrial Recovery Act.

Take another example — the struggle of the great powers. On the one hand, we set up counter forces, rearmament, EDC, the winning of the atom race. On the other hand, we attempt controls, the League of Nations, the Naval Disarmament Treaty of 1922, the United Nations.

The wisdom with which we select a method or combination of methods of responding to these great challenges of our time determines the strength of our nation and may determine our survival.

Let me illustrate again. In some European nations private business has met the pressure of competition by a system of privately imposed controls — cartels — with price fixing, allocation of markets, resistance to efficient methods of production, low wages, feeble attempts to develop mass markets. The result? A dangerous lack of popular support for private enterprise.

Now let me get a little closer to the announced subject of my remarks. This country has generated surplus wealth—savings if you will — available for investment. Corporations have been developed as a legal vehicle to bring together the savings of millions. There are some seven million stockholders in this country. One corporation has over a million stockholders. If you consider the indirect investment represented by ownership of insurance policies and interest in pension funds, the savings of many more millions are invested in the American industrial economy. The result of this is a peculiarly American and Canadian phenomenon, a literal pressure of money saved by the general public to find a place for investment in business and industry.

What do we do with these forces? The corporations call for capital. The members of the public press forward to invest their savings. We might depend entirely on an automatic system of self-adjustment. Investors could learn by bitter experience; the buyer could beware; businesses which forfeited public confidence would fail; the strong would survive; there would be no restriction in gathering capital into enterprise. Any such concept involves an inexcusably naive confidence that good will always triumph over evil.

Legal Controls Essential

It is inherent in the nature of things that there must be some legal controls imposed on one man who gathers together and administers capital furnished by others. That is true of trust funds. It is true of bank deposits and in its own way it must be true of corporate capital. Corporations are artificial entities, creatures of the state. They are empowered to do only what the law says they may do. Their directors have duties both as to good faith and prudence. Their property must be handled with due regard to the rights of creditors and stockholders. These general concepts are incontrovertible, but an effective system of legal controls involves the development of detailed rules and effective techniques to insure compliance.

When we look at the function of the modern corporation in gathering and administering capital, what ends do we desire? What abuses do we seek to prevent?

(1) We want to encourage investment—money in the mattress, jewelry in a vault are static wealth.

(2) We want no foolish, meaningless obstacles to the accumulation of capital.

(3) We want opportunity for initiative and imagination to develop the full economic potential of an enterprise.

I don't need to tell you that there are a number of other things that we want also:

(1) The investor should know what he is getting into when he buys securities.

(2) The public owners of an enterprise are entitled to current information.

(3) Financial information should be presented to investors with reasonable completeness and in accordance with generally accepted accounting principles.

(4) The investor should have a remedy against someone who deceived him by misrepresentation or concealment.

(5) A public stockholder should have a chance to vote intelligently

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*An address by Commissioner Demmler before the 1954 Spring Conference of the Controllers Institute of America, Washington, D. C., March 22, 1954.

From Washington Ahead of the News

By CARLISLE BARGERON

Probably one of the most serious problems facing Republican Congressional candidates this year will be Congress' failure to have passed any appreciable part of the President's "dynamic" program on which, as he put it, the Republican Party must stand or fall. The sin of omission will not be the loss of the program in itself. But the fact that the President called it "dynamic" and said the party must stand or fall on it will tend to hurt Republican candidates everywhere. Their Democratic opponents will never let them forget it.

Carlisle Bargeron

The plain facts are that the program is an utter impossibility that could never pass Congress under either a Democratic or Republican Administration in any one session unless it happened to be an emergency or crisis period such as confronted Roosevelt in 1933. There are some 200 pieces to it.

It is a further fact that much of it tries to out-do the New Deal in hand-outs, and still another fact is that the country can get along very well without any of it except the tax reductions and the appropriation bills. Rather, this is the case unless we run into an unemployment situation which demands Federal Government tinkering and even in that event plenty of pork barrel or work projects have already been authorized and only the appropriations would be needed. Certainly the country won't be taking a backward step if the President's social security and health insurance proposals are not acted upon. As to his housing proposals it would seem about time, in a private enterprise economy, for the builders to reassume the risks of their trade and not continue to depend upon government guarantees. Apparently, from the treatment housing legislation has already received in the House, there is a strong feeling along these lines among the lawmakers.

The President's program was largely worked out by the small coterie around the President. Congressional leaders had little to do with its formulation. Mr. Eisenhower would undoubtedly be surprised and indeed, hurt, to learn that the Congressional leaders had been ignored. He has gone further than any recent President in maintaining a close association with these leaders. But somehow our Presidents have gotten away from depending upon these leaders for advice as to what the people are thinking, what they want, what they will stand for. The Presidents seem to feel it incumbent to have their own program, fashioned by experts and ivory tower thinkers who manage to get into the White House. High powered public relations have also come into the picture. It is difficult for the President, or the rest of the government, to perform in the area of reality anymore. He has to deal with conditions which high powered publicity creates. I am afraid I couldn't fully appreciate the President's speech of Monday night, first because it denied me the Firestone program, but more because every gesture he made I knew had been rehearsed repeatedly with Bob Montgomery and that every word he spoke, "informally," was held up before him in box car letters. Maybe every listener didn't know this but it has been pretty thoroughly publicized.

However, the content of the message itself, was largely necessitated by high powered publicity, not reality. I am sure that I have not the slightest fear of an attack by Russia. Indeed, there could not be any manufactured fear today were Russia not astride Eastern Europe which did not come by any strength of Russia's but from the stupidity of our own leaders. And Heaven knows I am not afraid of, or the slightest bit worried about losing the friendship or the esteem of our allies; I have no objection to cutting off the flow of U. S. funds to them. Undoubtedly there has been a lot of whoopla about "McCarthyism" but I simply can't believe it is keeping people awake at nights. Any worry I may have about the atomic or the H-bomb is that our scientists in their zeal may drop one or two on us so they can gather additional data. They are data fiends.

But not to wander any further, I had not wanted a Republican Administration for more and better Presidential "programs" or for more and better legislation in Congress. I had assumed there would have to be corrective legislation to untangle the knots with which the Roosevelt and Truman Administrations had about strangled us. What I had looked for the Republicans mostly to do was to let us alone. The great bulk of Mr. Eisenhower's program is not of the unfettering kind. Tax relief, yes, but then additional syruping up of the so-called have-nots. Undoubtedly a lot of unshackling of private enterprise is going on in the multiple agencies and bureaus which are accomplishments of which the Republicans may well be proud.

That "dynamic" legislative program of the President's, though —upon which the Republicans must rise or fall. It is what will stick out like a sore thumb for Republican Congressional candidates. They will be up against continually explaining why it wasn't passed. It won't figure much in the campaign if the people are all working and prosperous come next November. If they aren't it will hurt the Republicans a lot. No real reason why it should be passed or even presented, either.

Common Stocks for Trust and Pension Funds

By MICHAEL PESCATELLO*

Investment Advisory Officer, First National Bank of New York

Stressing common stock investment as a hedge against inflation, investment analyst of prominent New York bank notes growing confidence in this class of securities and a resulting favorable uptrend in their prices. Reveals increase in investment of trust and pension funds' holdings of common stocks, and lists a good cross section of common stock distribution in these funds. Warns, however, of a false sense of security, and urges careful selection in acquiring stocks for trust and pension plans.

Perhaps the most significant development in the management of trust funds and pension funds in the postwar period is the increase in interest and utilization of common stocks. Two important changes have resulted from this trend. First, stocks have been added in funds that had not included them in their investment programs. Secondly, there has been an increase in the proportion of common stocks to other assets held.

Michael Pescatello

There are a number of reasons that are responsible for the greater use of common stocks. These reasons are important not only because they explain and provide an interesting background for the change but also because they are the working bases by which the investment manager can continue to focus attention on common stocks.

*Remarks of Mr. Pescatello at the Alumni Home-Coming Conference of the Graduate School of Business Administration, New York University, New York, March 20, 1954.

Inflation has been a strong force influencing investment management. There is a determined effort for protection. The vicious spiral of inflation has hurt in two ways. With the decline in money rates, fixed income obligations have produced fewer dollars for their owners. That is still going on after a short, sharp, pleasant (and unpleasant) interlude of hard money last year. Because of the steady erosion of purchasing power, the dollars that are being earned can buy much less than they could before the onslaught of inflation. Probably as good an example as any are the U. S. Government Savings bonds which were bought some 10 years ago. The principal is being paid back now at maturity, but those dollars have a purchasing power of about one-half the original ones that went into the investment.

The investment manager is usually confronted with the task of balancing his desire for safety and protection with the need for income. In the search for protection against inflation, he has been willing to sacrifice to a degree the safety inherent in bonds for a stake in common stocks. He has done this for a purpose. He has done this with confidence. And, sometimes he has done this with impunity.

Uptrend in Common Stock Prices

For quite a long time, there has been a favorable uptrend in the prices of common stocks. This is so whether one goes back over a period of half a century, 15 years, eight postwar years, or the past several years. Such a record of price performance is a powerful force which influences investors, professional or otherwise. It creates a good atmosphere.

The conviction has been growing that the United States is in a strong growth trend. This is fortified by the fact that population has increased steadily and family formation has been considerably greater in the postwar years. Coupled with population growth is the widespread distribution of national income, benefiting to a very significant extent the great masses of people. So with the greater number of consumers of all types, there has also been a materially larger flow of funds into the hands of buyers. Average weekly earnings, for example, now amount to $71.78. This compares with an average of $20.15 a week earned in 1939. Spendable income is greater and perhaps more "spendable" because of fringe and other benefits now accuring to most of the working forces. Some of these are social security, unemployment insurance, hospital and medical benefits and pension plans.

The good performance of common stocks has resulted in increased confidence in this type of investment. For the most part, stocks of well established companies with a long record of earnings and dividends have come to be recognized as permanent media of investment. The excellent market price record of such stocks as du Pont, Standard Oil of New Jersey, General Motors, General Electric, International Business Machines, Minneapolis Honeywell, Minnesota Mining and others has acted as an added stimulus for wider participation in equities generally. This is reflected in part in the

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Evils of Irredeemable Currency May Overwhelm Us

By PHILIP M. McKENNA*
President, Kennametal Inc., Latrobe, Pa.
President, The Gold Standard League

Asserting majority of Americans want a better dollar and hold the gold standard is a good way to get it, prominent metal manufacturer and inventor scores discrimination against American citizens in denying them irredeemable currency, and substituting concept of managed currency. Says bad money does not mean good times, and superabundance of credit at low interest does not necessarily improve business. Contends, because of irredeemable currency, people have lost power over nation's purse.

Because of the vital connection between good currency and the lives of Americans, I am here to testify in favor of Senator Bridges' bill.


Philip M. McKenna

You may wonder why I should consider myself qualified to make this effort to bring to your attention evils which threaten us because of the lack of a gold redeemable currency for use by American citizens. For fifty years of my life, man and boy, I've rubbed elbows with people all over this great country. And I've had the privilege of rubbing minds with men of character and knowledge with which our country abounds. I have had the experiences of observing and participating in the human action of Americans in our daily lives. Better, I believe, than foreign economists who write interesting books on theories of money and credit, mainly from observations of behavior of people in alien lands, I can interpret the works, hopes, fears and aspirations of Americans and how that fits in with the kind of currency system we should have. That is the fully constituted gold standard under which we prospered for so long a time, and which the enactment of The Gold Resumption Act of 1954 will re-establish.

I can say best how things affected me as a child, a student, a chemist, a manager of metallurgical works at a very early age, an inventor, a tool salesman, a founder of a small business as a proprietor with 12 employees in 1938, now employing 1,300 persons at Latrobe, Penna., and at Bedford, Penna., and 100 at our mine near Rawhide, Nevada. I know how and why I did things, taking risks, working and persuading others to join in good efforts. I know the value of the promises men live by. Nothing makes an analytical chemist madder than to find somebody has been tampering with the little balance weights by which decisions regarding tons of ore must be made. Therefore, I come by my indignation naturally when the mischievous if not malevolent monkeying with our standard of value began 21 years ago. It altered and threatens to alter the contracts of free men all over this country. That mere threat, which this bill removes, leads men to do wasteful and bad things, and it tends to paralyze the will to do good things.

Not only can I tell you how the lack of the gold standard affects me, but I've been talking with many people in steel works, machine shops, mines, factories and laboratories from Boston to Los Angeles, in small towns and big cities. I've been talking with investors, ranchers and bankers. I write and talk to our employees and to their union. I was, therefore, not much surprised at the disclosure of the results of a recent public opinion poll showing that the majority of Americans wanted a better dollar and thought that the gold standard was a good way to attain it.

Only because you are entitled to know the background of this witness I should tell you that in 1953 I was accorded the double honor of being awarded the Holley Medal for useful inventions, and of giving the Towne Lecture before the American Society of Mechanical Engineers. In previous years your fellow Senator Mr. Flanders and also ex-President Hoover, as well as our present Secretary of Defense Charles E. Wilson had been among Americans who gave that annual address before that leading American technical society. My subject was "Economics and the Engineer." I pointed out the urgent need for a fixed standard of value. I told them that my studies had convinced me that the best standard had been a fixed weight of gold. I pointed out that the freedom necessary for the lone and determined actions of inventors and their backers was the gold standard. I illustrated that by the history of various inventors. It is extremely difficult today to establish a new business or to expand activities of an established business into new fields. That is because of the combined effect of today's confiscatory taxes coupled with the results of inflation.

The Gold Standard League

With that explanation of this witness' background you will not think it unnatural that in 1948 I became head of the Gold Standard League then formed to make known to people the principles of monetary economics. Members of the League talk to civic groups and to various societies and acquaintances. We do not exclude Americans who are in public office from our discussions. We talk to everybody who will listen and give a helping hand. We do not exclude candidates for public office who certainly want to know what their neighbors are thinking.

Summarizing the situation in regard to the gold standard issue, we can say the following.

We have become aware of the threat which lies in irredeemable paper currency.

We are aware of the discrimination against the American citizen in the laws which deny to us the advantages of being able to have the best kind of money, universally recognized as money, namely gold money while the U. S. Treasury makes good in gold to foreign central bankers, turning gold over to them any business day in the week at $35 for one Troy ounce. In the past year we have seen over $1 billion in gold withdrawn by foreigners through their agencies. A billion dollars is the life savings of $10,000 each of 100,000 American families. Not that I object to meeting obligations to foreigners but insist that we should be equally fair to Americans.

We are not impressed by the promises that "wise and competent men" appointed by the government will manage our money better when unrestrained by the simple and honest requirement that currency be redeemable to the citizen in our standard of value defining the dollar as 1/35th of an ounce of gold. Either now, or in the future we are sure that such power will be abused. It generally has been abused in the past when people gave up that elementary protection. Officials who do not intend to abuse that power will be the first to agree with us that they do not need it, while only those who actually contemplate debauching the currency would struggle to keep that power. Those who say that the people are perverse and would draw out gold when they should not, and fail to draw it out when they should, are setting themselves up as persons who presume to know better what should be done with money than the persons who earned it. Especially is it presumptuous to oppose the collective result of the judgment of many independent men with enough intelligence to have earned the value against whom those few men, all-wise in their own conceits, would pit their few opinions as wiser. Often those opinions would be prejudiced by their official position.

"The Clock Turned Back" on March 6, 1933

We are aware that wittingly or unwittingly on March 6, 1933 the clock was turned back to the bad days two centuries or more ago when kings or dictatorships maintained that it was their exclusive prerogative to seize the money of the people and to re-issue coins of less value or sometimes only paper as their whims or needs dictated. The American people who generally could not conceive that such violence to principles of honesty could have been contemplated by serious men in any administration did not advance prices immediately in proportion to the advance in the price of gold in 1933 and 1934. The newsboy who offered you a paper Jan. 30, 1934 bearing the headlines "Dollar Devalued to 59.6 Cents" did not expect you to pay 5 cents instead of 3 cents for the paper that day. It took 13 years for the full inflationary effect of the devaluation to take place, much too slow for short run needs of an administration seeking a quick shot in the arm.

We have also become aware that bad money does not mean good times, that a superabundance of credit at low interest rates does not necessarily cause activity in business and employment. Under the money and credit management upon that theory for five years we had 10 million unemployed in 1938 and a 26% decline in physical production in a one year period. Only the harsh remedy of war obscured the failure of that attempt to manage the credit system without a redeemable currency. The red ink of deficit spending was only a prelude to the sacrifice of red blood in war. The first recourse of a dictator is inflation, all smiles to everyone; as that trick wears out it may be replaced by emergencies, real or fancied to provide employment, notably by rearmament; the final recourse has been war as an outlet for too much power in the government. Rather than permitting withdrawals from their gold banks dictators have chosen to draw upon blood banks. And that power doesn't come from nowhere. It is gathered together from millions of citizens, just as tiny droplets of mist, each deprived of its tiny share of electricity when coalesced into rain, contribute to the dangerous bolt of lightning. That dangerous concentration of power is the very identical power which has been taken from millions of people aided by the sly processes of monetary and credit manipulation. Such manipulation, generally in-

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*Statement by Mr. McKenna before the Subcommittee of the Senate Committee on Money and Banking, Washington, D. C., March 30, 1954.

Our Currency System Destroys a Right to Private Property

By HON. CLIFTON YOUNG*
U. S. Congressman from Nevada

Western Congressman, scoring restriction on a free gold market, points out need for higher gold price to offset rising mining costs. Says it would be dangerous to return to redeemable currency with gold at $35 per ounce, and advocates ascertaining the gold market conditions to set a proper price.

One of the basic tenets of democracy is the right of private ownership of property. In the United States this principle is practiced in all but a very few instances. The most glaring infraction lies in the denial of the right of the individual citizen and producer to own and sell gold. I support the inviolable right of the gold producer to own, hold and sell his commodity at any time, place and price he chooses. It is my understanding that only two of the 60-member countries of the United Nations do not have some kind of free gold market—the United States and Russia.


Clifton Young

The sale of gold in its natural state has been permitted in the United States for the past seven years. Why should such a fine, nebulous line be drawn between sanction of the sale of natural gold and gold in a more advanced stage of processing? Gold is gold regardless of its state of processing, and should be so treated.

S. 13 would restore to the gold producer his right to sell his product in the market place, without restriction, for the best price he can get—a right enjoyed by the farmer, the real estate owner, the automobile manufacturer, the grain speculator. On this one issue alone — free enterprise, the freedom to own and sell — the enactment into law of S. 13 is justified.

Higher Costs of Mining

It is a well established fact that our gold mining industry has been beset with rising costs and a fixed selling price for its product since 1934. It should be noted that this industry includes hundreds of non-ferrous metal mines whose ores contain gold as a by-product and must often rely upon the revenue from the sale of such gold to determine the difference between profit and loss. Domestic production of gold decreased from 6,033,105 fine ounces in 1940 to 1,893,261 fine ounces in 1952. However, there was a slight increase to 1,964,676 fine ounces in 1953. This increase was due to the fact that a greater quantity of other metals with which gold is associated in the ores was produced under government contracts. As these contracts are terminated, and with the low prices for lead and zinc now prevailing, domestic production of gold in 1954 will decline further.

It may well be that there would be little or no premium on gold in a free market today since the premium abroad has all but disappeared in the past year. We of the West are unwilling to accept that result as a probability. The most important purpose of a free market is to provide a testing ground for the value of gold in terms of dollars preparatory to returning to a gold-coin standard, and I believe that a free market is an essential step prior to its restoration. Gold and the dollar have not interchanged freely in over 20 years. How can we be sure that we will return to gold redemption at an equitable price until we have first established a sound procedure for determining what that price should be? My belief is that the free interplay of market forces upon gold and the dollar is the best method to follow.

There are many compelling reasons why a return to gold redemption protects the integrity of the dollar and gives to the people more power over the fiscal and monetary policies of their government. But I feel that there is a far more important reason for returning to gold today. Since the conflict in Korea a new philosophy has pervaded almost every segment of governmental policy: We must keep this nation strong economically and militarily for an indefinite period if we are to maintain our national security and ultimately win the battle over the tyranny of Communism. The issue then is: A free gold market and a return to the gold-coin standard would aid materially in developing a stronger economy, and the machinery should be put in motion without delay.

How will this create a stronger economy? Such a move will: Check the depreciation of the dollar and protect the value of savings, life insurance, pensions, and so forth. Inspire confidence of businessmen and investors. Provide leadership for those countries whose currencies should be stabilized. Strengthen the free world by allowing the natural forces of trade to find greater freedom of expression.

Scores a Managed Currency

The alternative to a return to gold is continuation of our paper money standard or managed currency. Should we continue to delegate to a handful of human beings our currency? Are we willing to admit that men who are subjected to the pressures of changing political philosophies can be objective enough to manage our economy in the best interests of the people? I think not. A free gold market would place more responsibility for the future into the hands of citizens and would facilitate the attainment of this end.

Some of those who oppose a free market advocate a return to gold redemption at $35 an ounce. It may be that this is the price at which we will return to gold some day. But if it is, it should be determined first by a free gold market. I would not want to take the chance of returning to gold at $35 an ounce with a consequent run on our gold reserves without the test of a free gold market. Such an action may cause a serious deflation.

Those who oppose both the free market and a return to gold redemption, including our Treasury Department and Federal Reserve, say that gold should not be held by individuals as a store of value. This is a fantastic notion to be circulating in the free world today. Our own agencies are telling us the same thing that the Soviet Government tells its citizens. A most unusual paradox — the leader of the free world and the leader of the slave world agreeing on such an important

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*Statement by Congressman Young before the Subcommittee of Committee on Banking and Currency of the Senate, Washington, D. C., March 30, 1954.

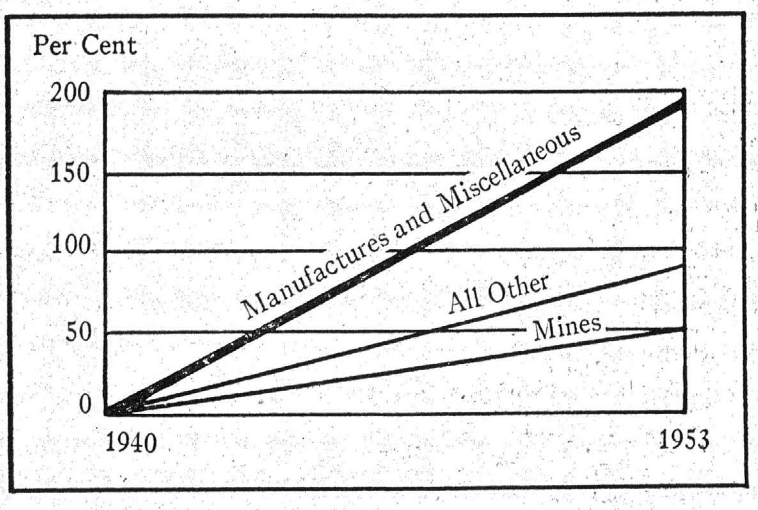
Norfolk and Western RAILWAY COMPANY

SUMMARY OF ANNUAL REPORT FOR 1953

Gross operating revenues for the year declined approximately $6 million, or 3 per cent, under 1952, mainly because export coal shipments were off about three million tons. Traffic other than coal held up well, with revenues from this source exceeding the record high of 1952.

The following graph shows percentagewise the progress made since 1940 in expanding traffic revenues from manufactures and miscellaneous commodities:

PERCENTAGE INCREASE IN REVENUES



Taxes totaled $37,076,000, a decrease of $2,481,000, due to reduced earnings and additional amortization of emergency defense facilities. Taxes amounted to $1,780 for each employee, $6.59 for each share of Common Stock and 20 per cent of operating revenues.

Outstanding funded debt amounted to $35,792,000, which represented 18.04 per cent of total capitalization and only 5.26 per cent of investment in properties. It is estimated that the assets of a voluntary sinking fund, together with Company bonds in the treasury purchased and held for later transfer to the fund, with investment of income, will be sufficient to retire the funded debt when due. The Company has no equipment obligations.

Dividends on outstanding stock totaled $20,571,000, which was 74 per cent of Balance of Income. Dividends at the annual rate of $1.00 a share were paid on Adjustment Preferred Stock and $3.50 a share on Common Stock. The latter included an extra dividend of $.50. Dividends have been paid on Adjustment Preferred Stock for 57 consecutive years and on Common Stock for 53 consecutive years.

During the year, 120 new industries and additions to existing plants, with a total capital investment of $116,490,000, employing 11,350 persons, were constructed in Norfolk and Western territory.

Capital expenditures for additions and improvements to fixed properties of the railway were $9,795,000 and for new equipment and equipment betterments $22,557,000, a total of $32,352,000. Since 1945, gross capital expenditures for improvements, modernization and equipment have amounted to $203,825,000, all of which were made without borrowing money. Authorized capital expenditures uncompleted at the beginning of 1954 totaled approximately $13,660,000.

New equipment for delivery in 1954 consists of 581 gondola cars, 500 box cars and 25 flat cars. Development of two types of coal-burning turbine electric locomotives is progressing.

The Company achieved outstanding efficiency records during the year. In gross ton miles per train hour — one of the best indices— a record peak of 71,991 was reached. The transportation ratio of 30.42 per cent was among the lowest in the industry. The percentage of gross revenues brought down to net income — 14.81 — was exceptionally high.

The Management believes that, notwithstanding increased competition from other fuels, coal will continue to supply a substantial part of the Nation's energy and fuel requirements and that the Company will continue to be one of the principal transporters of Bituminous Coal.

CONDENSED INCOME STATEMENT

		1953		Comparison With 1952	Per Cent
REVENUES AND OTHER INCOME:					
Freight—Bituminous Coal		$ 103,504,435	Dec.	$ 6,314,691	6
Other		73,036,908	Inc.	2,110,728	3
Passenger		4,913,775	Dec.	563,866	10
Mail, Express and Miscellaneous		8,105,151	Dec.	1,322,469	14
Total Railway Operating Revenues		$ 189,560,269	Dec.	$ 6,090,298	3
Rent Income—Equipment and Joint Facilities—Net		11,692,489	Inc.	658,504	6
Other Income—Net		1,781,613	Dec.	493,684	22
Total		$ 203,034,371	Dec.	$ 5,925,478	3
EXPENSES AND OTHER CHARGES:					
Way and Structures—Repairs and Maintenance		$ 27,132,258	Dec.	$ 1,583,246	6
Equipment—Repairs and Maintenance		40,229,811	Inc.	26,519	
Transportation—Operations		57,661,174	Dec.	687,931	1
Other Expenses		11,426,385	Inc.	113,929	1
Total Railway Operating Expenses		$ 136,449,628	Dec.	$ 2,130,729	2
Taxes—Federal	$ 28,696,871				
State, County and Local	8,378,784	37,075,655	Dec.	2,481,142	6
Interest on Funded Debt		1,431,668	Dec.	90,116	6
Total		$ 174,956,951	Dec.	$ 4,701,987	3
NET INCOME		$ 28,077,420	Dec.	$ 1,223,491	4
SINKING AND OTHER RESERVE FUNDS—APPROPRIATIONS		450,876	Dec.	700,690	61
BALANCE OF INCOME		$ 27,626,544	Dec.	$ 522,801	2

Bull Market in Long Bonds

By PETER L. BERNSTEIN

Vice-President, Bernstein-Macauley, Inc.

Investment counsel looks for further appreciation in long-term bond prices, but at slower pace. Maintains following factors will be controlling: (1) attractive, but not "bargain counter," yields; (2) sustained demand for money, and (3) stability, rather than easy-money injections, as the aim of Reserve and Treasury policy. Because of temporary over-supply of tax-exempt bonds, prefers them to government issues as investment media for new money.

The bear market in long-term bonds came to an end—and a rather abrupt end, at that—last July. The new Treasury 3¼s, which had sunk below par, are at this writing selling above 109 and yielding less than 2.75%. The Treasury 2½s of 1972-67, which were below 90 at their worst, are now back at the respectable level of 100, having completely retraced in nine months a protracted decline of more than two years. High grade corporates have slipped back to a yield of less than 3%, and some of the high coupon issues put out during 1953 are already being called and refunded at lower rates. Six or nine months ago it was easy to get pretty close to 3% on a top quality long-term tax exempt bond; today, it is difficult to find a high grade tax exempt yielding more than 2½%.

Peter L. Bernstein

In May I set forth the following reasons why I expected the bond market to turn upward, as:

(1) The high yields prevailing at that time were almost irresistible.

(2) The expected decline in business activity would reduce the demand for money.

(3) Substantial sums held temporarily in short-term securities would be switched to long-term bonds, once investor confidence in the long-term market were re-established.

(4) Both political and economic factors argued in favor of a reversal in the tight money policy of the Federal Reserve authorities.

The actual sequence of events started with a sudden shift in Federal Reserve policy in June, which in turn immediately established confidence in the long-term market. Investors rushed to buy while yields were so attractive, and, with the drying up of the demand for business funds as a result of the deepening recession, outstanding bonds assumed something of a scarcity value.

Will the Bond Market Go Higher?

The important question now is whether this move has come to an end. The answer to this question is significant for common stockholders as well as for bondholders.

In our opinion, some further appreciation in long-term bond prices is possible, even likely, but we believe it will be at a much slow pace than what we have witnessed in the past nine months. On the other hand, a decline in the price of long-term bonds does not seem probable; any decline which may occur should be limited in both depth and duration.

The reasoning which underlies this forecast is based upon changes in the four factors mentioned above as the motive forces in the sharp upward swing in the bond market.

First of all, yields are no longer "irresistible." Although the return on long-term bonds is still higher than it has been at any time for more than 10 years, with the exception of the 1951-53 period, bonds are obviously not on the bargain counter. While investors with long-term funds to put to work should not be hesitant, we doubt whether any real urgency exists on the buying side.

Second, while the demand for borrowed money on the part of manufacturers, retailers, railroads, and finance companies will probably shrink further, the volume of financing by public utilities, local governments, and the United States Treasury will continue to be susbtantial and may even increase—and the Administration's housing program may, if passed, stimulate a considerable demand for residential mortgage money.

Finally, the combined monetary-debt management policies of the Federal Reserve and the Treasury will probably aim at stability rather than toward further injections of easy money.

The Influence of Official Policies

The attiude of the Federal Reserve and the Treasury will be decisive in the money markets, as it has in the past. It is therefore important to understand the premises and objectives of their policies.

The Federal Reserve's willingness to create an atmosphere of abundant loanable funds has been obvious. They have purchased government securities, lowered member bank reserve requirements, and reduced the rediscount rate. No steps have been taken to reverse the resultant upswing in bond prices. At the same time, the Treasury has temporarily given up its announced objective of refunding short-term issues with long-term bonds; refundings and new money issues have been either short-term or limited to the intermediate range of 1958 to 1961.

However—and this is vitally important—both of these agencies (as well as the President himself) are eager to avoid laying the groundwork for a runaway inflation when the current recession comes to an end. While they will do everything necessary to cushion the recession, it would be unwise to expect them to do more than is necessary.

If the money supply is increased still further from here and if bond yields are allowed to decline to the levels prevailing in 1948 or 1946, business is not likely to receive very much additional stimulation. Tight money may end a boom, but easy money cannot stop a recession. On the other hand, when business activity revives, a superfluous money supply (such as we had at the end of World War II) can form the basis for subsequent intensification of inflationary pressures.

Therefore, it seems likely that money will not become very much "easier" than it is now. Sufficient funds may be created for the Treasury to finance part of its rapidly growing deficit with a long-term bond, and any heaviness in the bond market in general is likely to be countered by official action. But if the bond market can stay where it is without artificial stimulation, little additional artificial stimulation will be given.

Bonds vs. Stocks

If the sharp rise in bond prices since last summer has been an influence in the bull market for blue chip common stocks, then the slowing down of the rising trend in bonds should also temper the enthusiasm for common stocks.

We are also of the opinion that yields from common stocks as compared to those for bonds are not now attractive in face of the risks and the outlook for corporate profits. When the take-home yield from common stocks—that is yield **after** taxes—for five-figure income receivers is compared to that from tax exempt bonds, the latter look comparatively attractive indeed. In fact, because of a temporary oversupply, tax exempt bonds have lagged somewhat, and therefore we are inclined at this time to prefer them as investment media for new money over even Federal Government issues.

THE MARKET . . . AND YOU

By WALLACE STREETE

It was another rough time for the stock market this week, what with the first late tape on heavy selling of the year so far. Almost two months ago to the day was the last late ticker and, as in the original lag late in January, was on a day when the 1953 high was being tested unsuccessfully.

* * *

Some of the apologists tried hard to make the case one of precautionary selling over the war threat posed by Indo-China, but their logic was a bit strained. Instead, a correction was called for on a technical basis after seven days of advances by the industrials, plus the fact that the advance showed definite signs of running out of steam. Then, too, the fact that industrials had pushed to the highest levels since October, 1929, without any material help from the rails made for a strained situation. And, finally, once the stop-loss orders on the books were cleaned up, selling dried up markedly without spurring any new selling orders from the public.

* * *

Blue Chips and Specialties Hit

The brunt of the pressure landed on the handful of blue chip issues and specialties that carried the ball as the industrials broke through into ground traversed by the averages in 1929 for the only time in history. The aircrafts, popular all year until very recently, were handled roughly and gave up three to four points in a matter of minutes as the traders rushed to protect their profits. Shell Oil and Cities Service—no strangers to recent popularity — were also prime targets. General Electric, DuPont, Allied Chemical and Carrier Corp. were similar cases.

The badly laggard rails, which have painted an entirely different picture in recent months, were doubly discouraging. In addition to their refusal for some six months to get in accord with the industrials, they, too, showed a willingness to back up under pressure that did little to cheer their followers.

Central Disappoints

The surprise in the carrier section was New York Central. Despite countless brokers' opinions that the battle for control was getting so hot both factions would have to get into the market for votes, the issue tumbled around a point and a half on mild selling which is fairly drastic for a stock in the 20s. In fact, throughout the word battle between the Central management and insurgent Robert R. Young, the stock has been drooping. At its best of 26, it was a mere half point better than the 1953 best without a battle background and it was a fraction below the 1951 peak. Yet in 1946 it sold as high as 35¾.

* * *

As one indication of how selective the current bull swing has been, Central's 1929 figure of 256 is well beyond reach. Telephone is another instance that belies the indication of the average that prices are at their highest level since 1929 — this stalwart has been hovering around 164 while it sold in 1946 for a shade above 200 and also is well below its 1929 best of 310. The list of such specific cases that don't bear out the averages is a very long one.

* * *

International Business Machines was rather busy backing up after reaching an all-time high recently. Losses on some days were sizable, running as much as 10 points at a clip. But offsetting this was the equally rapid advance it had made up to here. The issue closed 1953 at 247 and climbed rapidly to 340 last month.

* * *

IBM is graphic proof of what Wall Street has long known — holders like issues where stock splits and stock dividends are a habit. IBM is no laggard in this department. The issue was split in 1926 on a three-for-one basis. From 1928 on, with a few occasional lapses, it has been a policy of making annual paper payments, usually of 5%. This was followed from 1937 to 1946 when the payment jumped to 25% and two years later a 75% payment rounded out the equivalent of another split. The 5% basis was then resumed and this year another 25% was ordered, in addition to an earlier payment cut arbitrarily by Stock Exchange regulations to 2½%. In addition to the larger disbursements, the small annual payments now add up to another 100% on a non-cumulative basis alone. This is a record of consistency in stock dividends that is unique among American corporations and goes a long way toward explaining the low yield basis of the issue.

* * *

Market Effect of Capital Adjustments

A similar bit of work by one Wall Street researcher showed that from 1939 to the end of last year, issues that paid stock dividends have advanced well past 124%, those without capital adjustments only 46%. The average of all listed common stocks have advanced 82% since 1939.

* * *

Reo Motors, which has shown plenty of skepticism over whether a deal for sale of the company would actually come off, was another able to breast the tide successfully. Approval of its sale to Henney Motors for the equivalent of $30 a share in a cash deal lifted the going market price to $28 which represented close to a 10% improvement on a hop of a couple points. For Reo, which had fallen into rough times culminating in reorganization in 1941, this wasn't any particular record. In the far more enthusiastic bull swing of 1946 the issue posted a high of past 34 and was still able to appear at better than 29 in 1948 when "prices"—that is to say, the averages—were supposed to be far lower than currently.

* * *

Technical Indications Indecisive

From a technical standpoint, little decisive was done by the market this week. For the industrials a correction at least was well overdue and no signal areas were involved. For the rails, the picture on a technical basis is similarly barren. They haven't seriously tried a test of the 1954 high some three points away, and, in fact, are far more in line for a testing of the 1954 low a shade under the 100 mark. Utilities have swayed moderately with the general market, but on the whole have held up well after achieving a new high for a score of years.

[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.]

Consumer Credit: A Vital Prop to Nation's Economy

By ARTHUR O. DIETZ*
President, C. I. T. Financial Corporation

Leading finance company executive, stressing role of consumer credit as vital to our economy, calls for fair treatment of instalment customers along with sound credit stability. Reviews present status of consumer credit, and though admitting a recent decline in durable goods sales, says there are signs of improvement and an upturn is soon due. Lists as important policy decisions in affording consumer credit: (1) high credit standards; (2) sound collection policies; (3) fair interest rates; (4) adequate customer services; and (5) better public understanding of instalment credit.

Whether you are an optimist or a pessimist, you will agree that these are uncertain times. Therefore, as we look into a changing future, it is good for the banks and finance companies in the instalment credit business to reexamine our responsibilities, to check our directions and operations and to determine exactly how we propose to meet today's and tomorrow's problems. I would like to direct such a reexamination this morning to the field of the general public interest—to the question of "What We Owe Our Customers."

A. O. Dietz

We all know what our customers owe to us. American consumers who are using instalment credit today have outstanding obligations amounting to $21,400,000,000. This is a great deal of money. The fact that we have freely advanced such a sum to the mass of American people is an amazing demonstration of the mutual confidence which exists between American business and American consumers. Statistically, it is perfectly obvious that our customers owe us a great deal—in dollars.

But, we are not doing business on a one-way street. We also have great responsibilities to our customers; and we have great responsibilities not only to those who owe us money but also to every citizen, for the citizens of this country have a right to expect us, as business leaders, to make decisions that will contribute to the prosperity and continued growth of the nation. Why? Because the business code of ethics in this country has so changed that, whatever the economic situation, we are, morally speaking, in a perpetual buyers' market. That's the way it should be. That's the way we get better mousetraps.

In my opinion, we have reached that level of ethical maturity—and this is true of all business—where our guiding principle is and must be fair and just treatment for our customers and potential customers and wise economic judgment in the interest of the national economy. Recognizing that, what do we do about it? More specifically, what do we do about it in the uncertain times that occur from time to time and which appear to be ahead of us now? Before I outline concretely what we at C. I. T. think, after 46 years of meeting this type of situation, I think it is important to take a brief look at the business weather, because conditions will influence our decisions on these matters.

*An address by Mr. Dietz at the National Instalment Credit Conference of the American Bankers Association, Chicago, Ill., March 23, 1954.

The State of Consumer Credit

In the past year there have been rapid and frequent changes in the instalment credit business. Last spring, sales of all durables were setting new records; and, individually and collectively, every one of our institutions also was increasing the amount of business on our books month by month. The expansion of consumer credit outstandings caused such concern in Washington that some of us were called down there to meet with Chairman Martin about it. Congress was asked to reinstate Regulation W. We were all in a position to be careful about the quality of the business we put on our books, so that credit and collection problems were at a minimum.

Then, before the midyear, consumer spending, particularly for durables, began to taper off—first in used cars, then in one type of appliance after another, and finally in new cars. Our outstandings continued to go up, as predicted, because we were still replacing short term Regulation W paper with new longer term paper. But we all observed that new volume had begun to decline. Collection problems did not loom large, but there were more of them. The Federal Reserve and others began to worry not about the new highs of consumer credit but rather the potential effect of a leveling-off. There was some evidence that we are to be criticized if credit increases and also to be criticized if it declines or even stops growing!

Recently, appliance sales have shown a noticeable, if spotty, pick-up. Automobile sales have lagged but show good improvement in recent weeks. Since the first of the year, automobile financing and direct lending applicable to consumer purchases have been running materially below the record 1953 figures.

We can now look for a good seasonal advance in sales and financing volume. The general economy shows some signs of improvement, although the fact is we are still close to the top of a boom of all-time proportions. However, I will not give you an economic forecast beyond this: as in the past year, we can look for very changeable economic conditions. We can expect ups and downs — normal, peacetime economic conditions geared to shifting consumer demands. We can examine our operating policies today in the expectation that from day to day new conditions and new developments will arise to test our wisdom and challenge our fortitude.

In this circumstance, we have a particular obligation which should be mentioned. We are vital factors in sustaining our economy. We are private business performing a public service. The present national Administration in Washington is clearly and steadfastly dedicated to this principle of private responsibility. Both the people and government are betting on us and our colleagues in business and industry. In facing the trying period ahead, we must do our utmost to insure that this confidence is justified.

The conditions we face today, in my opinion, make necessary certain important policy decisions. There are five major phases of our business that I would like to discuss in some detail.

(1) Credit standards.
(2) Collection policies.
(3) Interest rates.
(4) Consumer services.
(5) A greater public understanding of instalment credit.

Credit Standards

One of the things experience teaches is that in changing times, when there are cross-currents in the economy, institutions supplying credit to American consumers are tempted to take extreme action in exactly opposite directions.

At one extreme, there are institutions which may decide that we are in for very bad times economically, that the American consumer can no longer be trusted with credit, and that the prudent thing to do is to virtually shut up shop. Some institutions have had experience with consumer instalment credit only in the prosperous times of the past decade or so. They have had limited losses, limited requirements as to credit and collection skills, and very few real problems. Are all of them ready for more difficult operating conditions and the hard lessons that losses are inevitable and that loose or inefficient operations will be penalized?

It would be unfortunate, I think, if many of them should decide that because of more difficult and hazardous operations, they will tighten terms to the extreme, select only the very best risks, pull out on their commitments to dealers and manufacturers, and run for the economic storm cellars.

At the other extreme, in times like these, there also is the temptation to abandon all sound rules and credit principles. Some institutions may do this to maintain volume or to please dealers. Others may try to sell credit on the basis of terms alone. It will be tragic if some institutions allow themselves to be stampeded by the prospect of lower volume and, as a result, let down the bars so that credit is extended in a foolhardy way.

If this happens, a great many people will be drawn into financial obligations which they simply cannot handle. They will find themselves burdened with a debt which is not related to their small or disappearing equities in the goods they are purchasing. Repossessions will rise, dealers will take heavy losses, and the blame which instalment credit would then deserve would be perfectly apparent to every one.

So we must avoid the extremes of tightening up too much or loosening up too much. I want to emphasize as strongly as possible that we owe it to our customers at all times to operate with wisdom, objectivity, courage, and intelligence. We must pursue a sound, middle road and continue to make credit available to all good risks. We must continue to extend credit to every dealer who is entitled to it and to all manufactured products that our institutions have been financing, and for which a public demand exists and can be fulfilled. We must recognize that we have grave responsibilities which must be administered seriously rather than emotionally.

Collection Policies

Another serious obligation concerns the operation of our collection departments. In times like these, we cannot expect collections to take care of themselves. It is our duty, as grantors of credit, to see that our customers stay current in their payments.

All of us know that a certain number of people—a rather substantial number in fact—need to be reminded of their obligations. They require guidance and understanding. If they are allowed to drift along, to develop the habit of missing their payments dates or taking their financial obligations lightly, they will suffer and so will their creditors. It is a disservice to your own institution and to the customer if, through inattention, you allow payments to slide 30 or 60 or 90 days behind schedule — and then summarily send some one around to repossess the collateral.

A good collection staff, of course, costs money. But it is worth every dollar it costs to have efficient facilities, procedures, and personnel, to assure that delinquencies do not get out of hand.

At the same time, it is essential that we operate with tolerance, understanding, and ingenuity in working out the problems of those customers who find themselves delinquent in extenuating circumstances. There is a certain amount of unemployment now, and we can expect that there will continue to be a certain amount of unemployment in the future. In addition, we can look for other kinds of financial strains and stresses for a certain small percentage of our customers. It is our job to act with understanding and with patience in working out the individual financial problems of those people who unavoidably find themselves in trouble.

Rates

We also owe it to our customers, the economy, and ourselves to conduct our business on a sound economic basis. To continue to provide a well rounded financing service, we must be sure that our customers are paying adequate rates. Sufficient loss reserves can come out of only the gross income provided by the rates we charge. There can be no justification or economic reason for any institution's setting its rates so low that it can hope to handle only the business of the very best risks—with the fervent (and misplaced) hope that these "blue chip" customers will cause no collection expense or losses. In attempting to be this selective, it will not be offering the broad credit facilities which are its responsibilities to the business community it serves.

No one can serve industry and the community by a choosy, afraid-to-take-a-loss policy, based on unrealistically low rates. Any one with a price structure which does not produce a fair return for his stockholders, which prevents him from rendering a full service to the market, which leaves him vulnerable to losses if he runs into unexpected delinquencies or write-offs, would be better off out of the business.

It is just as true that we must give our customers the best possible financing services and facilities at the lowest cost. Unnecessary expenses, unnecessary losses, and careless credit and salvage programs force unduly high rates which penalize the vast majority of our customers who are not responsible for any appreciable share of these avoidable expenses or losses.

Finally, in a desire to get additional business from dealers, financial institutions must not tolerate dishonest or unethical credit practices on the part of dealers, in fear of losing the dealers' business. The public must be protected from deceptive credit operations even though a handful of dealers may want to use them.

Customer Service

Our watchword at C. I. T. is: "There is More to Financing Than Money." For the average customer of your institution or mine, the funds we advance for him, or the loan we make him, is a very heavy obligation against his financial future. He needs to be protected against the many hazards which can interfere with his ability to pay his debt and which may, in fact, bring financial catastrophe to him or his dependents. If his dies owing a heavy debt, what will his family do? If his financed car catches on fire, or is stolen or is wrecked, how is he going to buy another and keep up the payments he already owes?

Adequate insurance and effective servicing of customer claims are just as much a part of a sound consumer instalment financing operation as the money itself. You do your customer a disservice if, in the interests of false economy or to quote an overall rate lower than somebody else, you permit your customer to undertake a heavy financial obligation without adequate protection. I warn against it for I am sure the times that lie ahead will bring penalties to those who are willing to advance funds for which they are responsible without seeing that this money is secured with insurance.

Public Understanding

Finally, we owe it to the American public, our customers, and the industries we serve to assume responsibility in many civic problems. By way of illustration, I will mention only one or two.

Almost all of us represented here today are providing funds to make it possible for people to buy automobiles. We had a part in putting on the roads of America most of the 45-million cars which are now clogging highway bottlenecks, choking parking lots, and being involved in accidents which, unfortunately, kill 38,000 people a year and cause billions of dollars worth of purposeless economic loss.

We have no right to wash our hands of all responsibility for these conditions. We do not need to. Banks, finance companies, the steel industry, the rubber industry, the petroleum industry, and many others who are vitally concerned with safer highways have joined with the automobile manufacturers and dealers in the Automotive Safety Foundation to do something constructive about highway safety problems. We want to keep our future customers alive and whole, but we also want to discharge a moral responsibility. The Automotive Safety Foundation is the means by which many of us are doing it.

The Foundation functions in two ways:

(1) Through grants of funds which it makes to universities, national civic organizations, and other institutions for training, research, and educational projects.

(2) Through the assistance of its technical staff, on request of public officials, when it provides trained engineering and other expert guidance on highway master-planning, on highway financing problems, on traffic laws, and on the study of specific traffic problems.

The function of the Foundation is to provide the seed money, the trigger action, to cause big things to happen in the traffic-safety field. Last year, we raised more than $1 million for this purpose. Of this amount, approximately $35,000 was contributed by about 150 banks. That was welcome help, but it scarcely reflects the important part the instalment-credit banks are taking in the automotive industry. It only scratches the surface when you realize that more than 1,500 banks are represented here at this meeting and more than 10,000 banks are supposed to be making consumer loans—which means automobile loans.

Every dollar your institution or my institution contributes to the Automotive Safety Foundation is immediately matched by a dollar from the car manufacturers. Thus, we buy two dollars worth of good work with every dollar we contribute. If your institution is not supporting the Automotive Safety Foundation, I would like to recommend that you do something about it when you get back home. I'll be glad to supply additional information if you will write me.

Highway Adequacy

A similar problem is the problem of highway adequacy. This affects not only safety but the actual future prosperity of the automotive industry. America needs better highways, better streets, better parking facilities, and better maintenance of them all if we are going to provide facilities so that future customers will buy and use the cars we want to finance for them. Tax revenues are insufficient and are being diverted from highway purposes—as with the gasoline taxes in many places. In dollars of equal purchasing power, we are spending less today on streets and highways than we did in the 1930's. We are not replacing roadways as fast as we wear them out and load them up with more cars and trucks. We owe it to our customers and ourselves to get interested and active in obtaining roadways in our cities, states, and the nation at large.

We also owe it to our customers and to the economy to bring about the widest possible public understanding of what consumer instalment financing is, how it operates, and the important contributions it makes to the public welfare. It is our job to teach the public how to use instalment credit to the best advantage and how to value it. In the past, in times of economic uncertainty or difficulty, there have been many people who tried, with some success, to blame consumer credit for all of the nation's economic ills, no matter where they came from.

We owe it to the economy to work in good times and bad to educate every American to the true facts of consumer credit. We must try to make him understand that consumer credit is of tremendous service to the economy, and that there is no evidence that consumer credit is a significant contributor to deflation, nor is it an unstabilizing force. Consumer credit has provided — year after year—a vital prop to the economy. It is the boon which raised the comfort of the American home and the living standards of the American family to levels which are higher than those enjoyed by any other class, in any other nation, at any other time in history.

We must supply facts which will offset widely held prejudices and misconceptions. For example, there is the belief that when a family contracts an instalment debt, it is "removed from the market"—that its "future is mortgaged" so that it has no buying power left. The facts are clearly to the contrary.

The University of Michigan study of consumer buying habits, conducted annually for the Federal Reserve Board, has some striking information about the behavior of people after they are taken on personal indebtedness—instalment debt. I believe this information is being publicly cited for the first time today.

The 1952 study which is typical of other years, the Michigan people say, shows that only 25% of families without instalment debt at the beginning of the year actually bought durable goods during the year—while 45% of the families who started the year with instalment debt bought new durables during the year!

Improving Living Standards

We think this means that people who use instalment credit have the highest aspirations or the greatest need to improve their living standards and that they tend to allocate a certain amount of their income to regular instalment purchases. When they see that one debt has been reduced appreciably, they are ready to contract another.

Actualy, if you stop and think about this for a moment, this is not strange. We know that most instalment debt is centered in younger married families in the middle income groups, who are acquiring durable goods. By and large, those who do not use instalment credit are either lower income groups or older families.

The use of instalment credit not only helps establish and raise the younger families' living standards, but as the statistics indicate, is a self-feeding mechanism which tends to keep purchases high. Instalment credit provides and sustains the punch behind the purchasing power of the middle income groups.

It is true that we may expect instalment buying to fall when all buying falls, as it will under some conditions such as declining income or fear of unemployment. But to blame instalment credit for the decline in buying is putting the cart before the horse. For instalment buying is an aid to buying and helps to sustain it; but people's decisions to buy or not buy are determined by deeper forces in the economy, primarily by consumers' expectations for their future income and unemployment. Consumer credit is vigorous and dynamic. A given obligation does not represent fixed debt hanging permanently over the heads of those who contract it. On Jan. 1, 1953, for example, we in C. I. T. had more than $700,000,000 in automobile paper on our books, covering 870,000 individual customers. In the 12 months which followed, more than 600,000 of these people completely paid off their debts to us. Handling approximately 10% of all U. S. auto paper as we do, we see in our own operations clear indication that instalment credit is a moving, changing, stimulating force.

I believe the principal responsibility of financing institutions during 1954 is to continue to have faith in the American consumer. We have learned from experience that the average instalment buyer is a person of integrity and sound judgment. We can prove our faith by recognizing that we must follow a firm, middle-of-the-road course in all of our operations. We must maintain practical credit standards, sensible collection policies, and realistic rates. We must also provide the necessary services to protect our customers and ourselves against unexpected loss. We must all use every available method to create a clearer understanding by the general public of the functions and principles of instalment credit.

The credit industry, along with every business, has had some rough sledding in the past. But it has always been able to meet the challenge of the times. There is every reason to believe that this splendid record will stand up and be improved in the months ahead. We have today our greatest opportunity to grow in usefulness and service to our customers and to the general public.

The New Federal Electric Power Policy

By RALPH A. TUDOR*
Under Secretary of the Interior

Under Secretary Tudor reviews activities of Federal Government in power business, and calls attention to new policy by the Department of the Interior in which it is stated that only such hydroelectric projects, which, because of size or complexity, are beyond the means of private enterprise will be undertaken by government. Explains implementation of this policy, and reveals why no Federal projects have been sold to private interests. Expresses approval of partnership between Federal Government and local interests in power development as illustrated by the Tri-Dam Project in California. Holds new Federal power policy "is beginning to pay off."

One of the most debated domestic issues in this country today is the matter of ownership of electric power generating and transmission facilities—shall the ownership be by private investors, local public bodies of the Federal Government. At the end of 1953, the ownership of power facilities between these three parties was divided with approximately 78% owned by private investors, 10% by non-Federal public bodies and 12% by the Federal Government.


Ralph A. Tudor

Participation by the Federal Government in this field can be traced back to 1906 when the National Reclamation Act was amended to permit the Federal Government to include the generation of power in its reclamation projects. That law and all of the Reclamation laws since that time have followed the principle that the primary interest of the government was reclamation of land and the generation of electric energy was a by-product. Later, legislation for flood control and navigation improvement permitted the Federal Government to include power generation as a by-product of these additional primary purposes.

The Tennessee Valley Authority is an exception to these remarks as it has outgrown the basic concept of generating power as a by-product of flood control and navigation. It has undertaken to supply the entire power needs of an area. It is not a part of the Department of the Interior, and therefore, my remarks do not apply to it.

A Power Policy Statement

Because of the importance of this subject and because there were so many uncertainties regarding past and future policies, the Department of the Interior, with the concurrence of the President and his Cabinet, issued a power policy statement on Aug. 18 of last year. It was brief and clear and in general it was favorably received throughout the country. I believe, though, that it would be well if I called your attention again to the most important part of this statement. It reads as follows:

"The primary responsibilities of the department are the reclamation of arid and semiarid lands under the Federal Reclamation Laws and the development of natural resources as authorized by Congress. These responsibilities include the disposal of surplus electric energy which can be economically produced in the course of the development of these resources. The Department of the Interior will, therefore, actively plan and recommend construction of generating facilities in hydro projects under its jurisdiction when such facilities are economically justified and feasible. The department will particularly emphasize those multipurpose projects with hydroelectric developments, which, because of size or complexity, are beyond the means of local, public or private enterprise.

"It is recognized that the primary responsibility for supplying power needs of an area rests with the people locally. The responsibility of the Department of the Interior is to give leadership and assistance in the conservation and wise utilization of natural resources. The department does not assume that it has exclusive right or responsibility for the construction of dams or the generation, transmission and sale of electric energy in any area, basin, or region. In general, it will not oppose the construction of facilities which local interests, either public or private, are willing and able to provide in accordance with licenses and other controls of the Federal Power Commission or other appropriate regulatory bodies and which are consonant with the best development of the natural resources of the area."

The Implementation of the Policy

This statement answers a great many questions, but like everything else, it deserves some amplification in connection with specific matters. I know that one question which has frequently been raised, and particularly by financial people, has to do with the possible sale of electric generating properties now owned by the Federal Government. In answer to this question I will say that the Department of the Interior does not consider it practicable or appropriate for the Federal Government to undertake to sell any of the large multipurpose dams which have been or are being built. We are not putting a "For Sale" sign on any of these large properties. The one exception to this rule, if it be an exception, is that if some responsible public body, such as a State, somes in with a concrete proposal to purchase some of our facilities, such a proposal will be approached by us with an open mind. I will discuss this in more detail a little later.

I know this is somewhat of a contradiction of what the Administration has been charged and credited with having said. However, I am quite familiar with the policies of the Administration in this matter, and I know of no statement by any responsible member of the Administration which is contrary to what I have just said.

There are several good reasons for our position and there are two in particular which I am sure you, as financial men, will fully appreciate. In the first place, we are much more anxious to have any available credit used for the financing of new facilities rather than simply transferring debt from one party to another. The latter does not create any new kilowatts or bring service to any additional people.

Another reason for our position is that it would be generally impractical to consider the sale of Federal facilities. As an example, let me consider a truly academic case. Let us assume that the matter of selling the Hoover Dam with its generating facilities to be under consideration. To begin with, there is no "For Sale" sign on Hoover Dam. However, if there were, it would certainly be necessary to reach an agreement among the states of California, Nevada, and Arizona, between which the benefits from this project are divided. In fact, I think the only possible purchaser for this project would be some authority or body created by these three states acting in unison. In view of the great divergence of opinions regarding the division of waters of the Colorado River, there would seem to be no possibility, even remote, of having these three states join in such an effort. Then, even if they did and if they made a proposal to the Federal Government which would make full reimbursement, that proposal would have to be approved by the Congress and the President. There is no authority in the law for selling those projects without such special legislation.

These are only two of the most apparent difficulties involved but I think they are sufficient to illustrate to you that, aside from the basic principles to be faced, it would be rather impractical to consummate such a sale.

What Sales of Federal Projects Are Feasible

There may be some isolated exceptions to the above rule and it is possible that the Central Valley Project in California is one of these. This project is wholly within California. The State originally planned to build the dams, powerhouses, canals, etc., from its own resources. However, the depression brought about a condition that made this difficult and the Federal Government was encouraged to initiate the work. California has always had some idea of acquiring the facilities that have been built. The State recently approached the Federal Government on this matter and we have, in effect, told them that we will consider it if the Federal Government recovers as many dollars from the purchase as it would if it retained ownership of the project If we reach agreement as to price and conditions, it will then, of course, be necessary for California to obtain Federal legislation to authorize the purchase and sale. In a similar vein, the State of Arizona has approached us with the thought in mind that the State Power Authority might purchase the feeder transmission lines wholly within that State. These transmission lines are exclusive of those that interconnect Hoover Dam, Davis Dam and Parker Dam. Again, we will not consider any proposal which fails to provide the Federal Government with as many dollars by purchase and sale as it would if ownership is retained. In the final analysis, it will be necessary for the State of Arizona to seek the necessary Federal legislation.

Again, may I emphasize that the Department of the Interior is not trying to sell these properties and if a sale is consummated in either or both instances, it will be an exception to a general rule.

What New Federal Projects Are Proposed

As for new projects, we do not propose to recommend the construction of new generating or transmission facilities which can be provided by either public or private local interests. There are, however, some projects which can only be undertaken by the Federal Government and, in those instances, we will so recommend. An example of this is the Upper Colorado River Basin development which our department recently recommended to the Congress. In this case there are some very large multipurpose dams with reservoirs located in two or more States and with other complications which would make it well nigh impossible for any local interest to successfully undertake the work.

We do have a very strong desire to create a healthy atmosphere so that local interests and risk capital may have a better opportunity to participate in these power developments. The increased demand for electric power in this country is so great that it will require the cooperative efforts of all of the interested parties to meet the needs. For the past several years approximately $3 billion dollars of risk capital a year have gone into the electric generating, transmission and distribution facilities of the country. It is fortunate that this has not been a part of our increasing Federal debt. It is expected that during the next two years, the investments will be even greater and thereafter we can only estimate but there is little doubt that demands for new facilities will be heavy indeed. The job is so big that investor capital must be encouraged and we propose to do just that.

We have often asserted that we are in favor of a partnership between the Federal Government and local interests in this matter of power development. Some people have felt such an arrangement may involve a contractual document of some form. Such will not generally be the case and, to the extent that the term "partnership" has this implication, it is unfortunate. We do mean that the Federal Government should undertake only those projects which cannot be provided by local public or free enterprise and that we will encourage in every way possible local interests in undertakings which they can handle.

There will also be a number of projects in which we can actually join in a proper common effort. A number of bills have already been introduced into the Congress and more can be expected, all having to do with individual hydroelectric plants. The best of these anticipates that the local interests will provide all of the money needed to finance the costs allocated to power while the Federal Government provides the money for irrigation, flood control and navigation. The capital costs of any Federal investment in irrigation will be returned by the local interests from collections from irrigators or power sales.

An excellent illustration of such a project is that one proposed by two irrigation districts in the San Joaquin Valley of California. This is known as the Tri-Dam Project and is sponsored by the Oakdale and South San Joaquin Irrigation Districts. It is estimated to cost approximately $55 million and the districts propose to provide the funds for the power facilities which will cost approximately $44 million from the sale of revenue bonds. Their Congressman has introduced legislation which will authorize the Federal Government to participate in this project by contributing approximately $1 million to pay for flood control benefits and advancing, interest-free, approximately $10 million to provide for irrigation facilities. The districts will repay to the Federal Government this $10 million out of collections from water users and revenues from the sale of power.

This kind of project has many advantages. The Federal Government, if it were undertaking the work itself, would have to finance the entire $55 million by Congressional appropriation. It would also have to appropriate funds every year to maintain and operate the plant. Under the proposed plan the only appropriation involved will be an intial one of approximately $11 million. Ownership of the project will be local and local people will have freedom to handle their own affairs.

This kind of project offers, I believe, an excellent opportunity for risk capital and it is typical of a great many other projects that are under consideration. Some of them run well above $100 million and will have an installed capacity of from one-half to a million kilowatts. It will be our policy to encourage this kind of project.

I must warn you that not all of the proposals which are being made for joint participation are, in our opinion, sound. There are faults in many of them, such as too high cost per installed kilowatt of generation, too remote from load centers, doubtful market and other hazards which I know you would be concerned with if you were financing the work.

Plan Is Beginning to Pay Off

It seems apparent to me that our new power policy and particularly the Administration's attitude of encouraging local interests to provide generation of their own is beginning to pay off. In the Pacific Northwest alone there have been new applications for licenses to develop hydroelectric power totaling someplace between 3 and 4 million kilowatts of installed capacity. The estimated cost of these installations will exceed a billion dollars. Probably all of them will not be built but certainly some of them will. I mention the Northwest not because it is the only place local interests are planning to supply their own needs, but principally because here is one area that had come to think of itself as basically dependent upon Federal development. That dependence upon Federal appropriations and Federal control and lack of local responsibility and authority is changing and I consider this for the good.

As you perhaps know, the Department of the Interior recently appeared before Congress and recommended the authorization of the Upper Colorado River Project. This is a multimillion dollar development to conserve and use the scarce water of the Colorado River generally north of Arizona. It includes reclamation, municipal and industrial use of water, silt control and power development. The hydroelectric power plants are spread over a wide area and it is proposed that the Federal Government interconnect with a backbone transmission system. When the House Committee was recently reviewing this project, a proposal was made by all of the investor-owned electric utility companies operating in the several states to build all of the feeder transmission lines at their expense, to contract for the purchase of all of the power from these plants, providing the cost does not exceed their own generating costs in steam powerplants, and to take care of all preference customers in the economic area under circumstances to be prescribed by the Federal Government. This proposal is in keeping with the new power policy of the Administration and will have the effect of relieving the government of large expenditures for feeder transmission lines. It will also assure a market for the power which is a necessary prerequisite of the economic success of the entire project. The proposal of the power companies has, of course, not been adopted nor can it be until and if the Congress authorizes the entire project. However, the proposal does illustrate that there is a sound basis for our theory and a place for local enterprise in Federal development.

Again, I would urge you to seek investment opportunities in the field of electric power with local

*An address by Under Secretary Tudor before the Municipal Forum of New York, New York City, March 4, 1954.

business, both public and private. I would also urge you to seek opportunities to invest in new projects that will add to the Nation's supply of power or better distribute it to more customers.

It is a growing industry and kilowatts have an excellent long-term market. They are not a luxury item but are necessary to the every day functioning and growth of this country. The end of this vast growth in this particular field is nowhere in sight. Today we only have a narrow national surplus of about 6% and this is not enough. It will not take care of a single year's growth. Furthermore, it is spotty as to geography. Many areas have no surplus.

I have often wondered if you can loan money for the further development of this basic development with maturities as much as 50 years. This somewhat longer period than is normally customary would be in keeping with the payout period adopted for Federal projects and would make local financing more attractive.

Perhaps you may think of other features of financing in this field which would be helpful. I urge you to consider them and particularly in the light of the very stability of this kind of an investment.

This Administration has a fundamental faith in free enterprise. We believe it has to a very large extent been responsible for the great growth of this Nation. At the same time we are well aware, as I am sure you are, that there have been some excesses from time to time. While these excesses are in no way to be condoned, they have certainly not been such as to justify any changes in our basic philosophy. You have a large responsibility in this philosophy, but I believe you can subscribe with us to the incentives that inspired creative imagination in our economy. We have faith in local initiative and urge the acceptance of increased local responsibility, except in cases where the resources of the Federal Government alone can insure economical and effective action. You in your particular field can do a great deal to assist in increasing this local responsibility.

Pa. Pow. & Lt. Stock Offering Underwritten

Holders of common stock of Pennsylvania Power & Light Co. are being offered rights to subscribe at $39.75 per share for an aggregate of 704,917 additional shares of common stock at the rate of one share for each seven shares held of record April 2, 1954. Subscription warrants expire at 3:30 p.m. on April 19, 1954. A banking group headed jointly by The First Boston Corp. and Drexel & Co. will purchase from the company any unsubscribed shares.

Since April, 1953, dividends on the common stock have been increased to 50 cents a share in July, 1953, and to 60 cents a share in April of the present year. Giving effect to the current offering to stockholders and to the issuance of additional common stock in connection with the merger of The Scranton Electric Co. into the Pennsylvania company, the latter utility will have outstanding 5,694,070 shares of common stock. Other capitalization will consist of $193,500,000 in long-term debt; $21,600,000 in promissory notes; 760,649 shares of preferred stocks.

Proceeds from the stockholder offering will be used for construction purposes and to pay $8,000,000 in outstanding bank loans incurred for construction. The companies contemplate further expenditures approximating $33,000,000 in 1954 and $114,000,000 of additional outlays during the subsequent four years. Major items in the overall program include the installation of 415,000 kilowatts of additional generating capacity.

Pennsylvania Power & Light and its subsidiary, The Scranton Electric Co., supply electric service to an area of 10,000 square miles in central eastern Pennsylvania. The companies are part of a large power pool serving New Jersey, Delaware, a major portion of Pennsylvania and the Baltimore-Washington area. Consolidated operating revenues for the year 1953 totaled $106,000,000 and net income was $14,000,000.

Arch F. Montague

Arch F. Montague, associated with W. H. Hutton & Co., Cincinnati, in the Trading Department, passed away March 31.

FHLB Retiring Notes

Everett Smith, Fiscal Agent of the Federal Home Loan Banks, on April 5 announced that the bank's outstanding $100,000,000 of consolidated notes, 2.875% series B-1954, due April 15, 1954, will be redeemed at maturity without refunding. On Feb. 15, 1954, the banks similarly redeemed from current resources notes in the principal amount of $111,000,000 due on that date and on March 15, 1954, notes in the principal amount of $198,500,000. Upon payment of the April 15, 1954, maturity, a total of $309,500,000 of notes will have been retired to date this year without refunding. Retirement of the bonds without recourse to refinancing, Mr. Smith said, reflects a substantial inflow of cash into the banks since the beginning of the year as a result of repayment of loans and an increase in deposits. Principal and interest on the maturing notes will be paid at any Federal Reserve Bank or branch.

Upon redemption of the April 15 issue, outstanding consolidated note obligations of the banks will have been reduced to $104,000,000.

T. C. Henderson Co. to Be NYSE Member Firm

DES MOINES, Iowa—Theodore C. Henderson on April 15 will acquire a membership in the New York Stock Exchange, and T. C. Henderson & Co., Inc., Empire Building, will become Exchange member corporation. Officers of the firm are Theodore C. Henderson, President; Stacey R. Henderson, Secretary; Eli A. Peterson, Glenn D. Kaufman, Kenneth C. Shreve, Thomas J. Landstorfer, Vice-Presidents; Orval D. Penn, Assistant Vice-President; Eugene P. Kearns, Assistant Secretary, and Helen Walker, Assistant Treasurer.

A. S. E. Realty Assoc.

At the annual meeting of the board of directors of the American Stock Exchange Realty Associates, Inc., an affiliate of the American Stock Exchange, David U. Page was reelected President. Frederick J. Roth and Christopher Hengeveld, Jr., were reelected Vice-President and Secretary-Treasurer, respectively. Joseph R. Mayer was reappointed Assistant Treasurer, and James R. Dyer was reelected a Director.

Most Important People in 1954

By ROGER W. BABSON

Mr. Babson contends, because of their function to create consumer demand, sales clerks and advertisers are the year's important people. Points out value of honest advertising, and says customers need to be cultivated the same as crops. Recommends night schools for local sales clerks.

President Eisenhower and his Cabinet will not be the most important people of 1954. The Senators and Congressmen will not be the most important people of 1954. And this same statement can be made regarding bankers and other big shots. Conditions often make presidents, but presidents cannot make conditions.

Roger W. Babson

The most important people during 1954 will be those now employed as salesmen, and especially the sales clerks in your stores. In previous years these people have not been so important; they served largely as "order takers," wrapping parcels and making change. But, conditions in 1954 will be different. **They must create sales.**

Fundamentally, prosperity and good times depend upon **employment**, which supplies the money to buy. But manufacturers cannot furnish employment without **orders** for their goods. The orders depend upon the men and women at the counters of the stores. Prosperity or depression starts with the salesmen and sales clerks.

What About Advertising?

I am a great believer in honest advertising. A merchant's success is very dependent upon his advertising. Advertising bears the same relation to profits for the merchant as fertilizer does for the farmer. Still, the farmer cannot depend solely upon his seed and fertilizer. He must cultivate, spray, and gather his crops.

The same is true of advertising. Although advertising is absolutely necessary and much more of it should be used in 1954, yet merchants cannot expect it to take the place of hard work. Customers need to be cultivated the same as do crops. Advertising will help get people into the store and interest them in certain products; but the **sale** must be made by a man or woman employee.

My Father Was a Storekeeper

My father kept a dry goods, novelty, and sort of "variety store" in Gloucester, Mass. I worked in this store on Saturdays and during winter vacations. My father was very successful with this store, starting with nothing and becoming the leading merchant of Gloucester and vicinity.

He used to say to me: "Roger, when you grow up, either become a merchant or invest your money in good merchandising organizations, rather than in railroads or industrial promotions. A merchant with a fair turnover has nothing to fear and can always make money." But, my father was a good worker at the store from 7:00 a.m. to 6:00 p.m., six days a week.

Knowing Every Customer

My father was a deacon in the local church; he had a large Sunday School class. He was very much interested in knowing and helping people. There were no such things as card files in those days; but he kept a book listing the children of each customer and, especially, listing cases of sickness. Then, there were no trained nurses. Neighbors would volunteer to "watch" at night with the sick, accepting, of course, no pay. Every week my father would be away some night watching by the bedside of the husband of some humble customer.

Father trained his clerks to get truly acquainted with everyone who entered his store. He would constantly check on the clerks—not by asking: "Did you make a sale?" but by asking: "How many children has that woman? Is there illness in the family?" He not only was the city's most successful merchant, but at his funeral the church could not hold the people who loved him and who loved all who ever worked for him. He didn't have a private office up a flight of stairs in the back of the store. His desk was by the door so he could say "Good Morning" to all as they came in, and "Good Luck" as they left. Sales are made through **feelings** rather than through **figures.**

A Suggestion

I forecast that if all the Chambers of Commerce would operate properly led night schools for their local sales clerks, national purchasing would so increase that there need be no unemployment, the Federal budget could be balanced, and taxes could be reduced. America does not need more money, but it needs more confidence and friendliness so that the money we have will circulate more freely and more often.

Wits Invited to Write For Bawl St. Journal

Wall Street wits have been invited to exercise their creative talents for the benefit of this year's "Bawl Street Journal," the annual satire of finance and politics, to be published as a feature of the Bond Club Field Day on June 4. Once a year this opportunity to unbend in print has spurred humorists of the financial district to their finest efforts for publication, with authorship discreetly cloaked in anonymity.

Feature-length news stories, short news items, and ads may be submitted up to Monday, May 3. Contributions should be sent to Wickliffe Shreve, Chairman of the Publication Committee, at Hayden, Stone & Co., or to "Bawl Street Journal" Editor John A. Straley at the "Investment Dealers Digest." Cartoons, poetry, and editorials will not be accepted.

The off-beat humor of the "Bawl Street Journal" has spread the fame of the paper through the 48 States and many foreign countries. Last year eager readers snapped up more than 37,000 copies, lifting circulation to an all-time high.

F. K. Stephenson

F. Kenneth Stephenson, specialist in municipal bonds, passed away March 31 at the age of 63. Mr. Stephenson had been associated with Blodgett & Co., Stone, Webster & Blodgett, and Goldman, Sachs & Co.

Automobile Retailing Faces Era of Sales Pressure

By CHARLES C. FREED*

President, Freed Motor Company, Salt Lake City, Utah
President, National Automobile Dealers Association

Spokesman for automobile retailers, after pointing out importance of autos in field of retail credit, warns a new competitive era has come in automobile distribution. Sees active sales activity ahead, but says present auto buyers have capacity to repay loans on cars. Stresses soundness of present retail car financing, and points out role of automobile industry as a cornerstone of business prosperity.

As an automobile dealer typifying so-called small business in our country, it is an honor to address this National Instalment Credit Conference of the American Bankers Association.

Charles C. Freed

However, I am also here in another capacity. As president of the National Automobile Dealers Association, I represent 34,000 new-car and new-truck dealers of the nation. Therefore it seems most appropriate that you have the retail automobile industry represented on your program.

This is going to be a year when distribution and selling once again assume major importance in the nation's economy.

For years, the emphasis in this country has been on production. Shortage of goods in virtually all consumer lines made production the headliner in most of our thinking and planning.

Now the story is different. Today, production must take second place. The future of our economy depends upon the skill and ability and faith of the people who make up the selling force of this nation. Production, after all, is only inventory until sales are made. Distribution and selling will be the cornerstones of business prosperity in 1954.

In this situation, the retail automobile business, because of the tremendous dollar volume represented, is of first importance on the business scene.

Autos in Field of Retail Credit

Next to home purchases, the buying of an automobile represents the average person's biggest investment. You know how great a percentage of these major investments result in finance business.

So—our retail automobile and truck industry definitely comprises one of the largest originators of instalment credit buying. In this sense it is big business.

Accordingly, we—your business and mine—have a mutual interest which is much more real than academic.

I am neither a banker nor an economist. But I do know that the great retail automobile industry is the key to our country's immediate economic future. What the automobile dealers of this country can sell — sell, not give away through unsound merchandising or unsound credit terms, but what they can sell at a legitimate profit on sound credit terms —will determine, more than any other single factor, just how well off we will all be in 1954.

I am certain that in measuring how good business is, we must be realistic about the standard by which we do the measuring. It is unreasonable to lull ourselves into anticipating that each year will exceed all previous record-breaking years in production, in sales, or in profits. We will and should be disappointed men if we adopt such reasoning.

Against Businessman Complacency

I don't think that any businessman should become complacent and merely accept things as they come—to be successful today, he must fight constantly to build and expand his business. By all means, let's start gauging our business results by a yardstick which reflects normal, rather than abnormal, record-breaking peaks. I come from mountain country — and where I live there are plateaus and valleys as well as high peaks.

We new-car and new-truck dealers are optimistic about business for 1954—not blindly optimistic, but optimistic because the family automobile is playing a more important role in America every day. The automobile is becoming increasingly essential—as the most casual look around any town or city or country road will reveal.

The return which the average family receives on its investment in an automobile is one of the biggest contributions to the high standard of living we, as a nation, enjoy today.

Automobile production was high in 1949, 1950 and 1951. Over 21-million new cars and trucks were manufactured in those three years alone, a fabulous achievement, thought to be impossible by the saturation-point experts back in the 'twenties.

Based upon the customary practices of new-car buyers to trade their cars every two to five years, 1954 should see a strong replacement market. The cars which have been produced in the past few years are becoming obsolete faster, because of new developments in our industry, than in any previous period since the self-starter became standard equipment. I refer to those proved engineering triumphs such as automatic transmissions, power brakes, power steering, new safety—new styling, improved motors — all these achievements are transforming automobiles until today you are driving a truly new postwar car as compared with six years ago.

The public wants these improvements—and we must all prevent psychological fear of the future from becoming too real a factor. If we do this, the public will buy new cars because they want the benefit of these outstanding developments.

The Replacement Market

Another great replacement market is represented by scrappage of older models. Thirty-four per cent of the 54-million motor vehicles on the road today were manufactured before World War II. What a tremendous market this leaves us! There have been years when as many as 3,750,000 have been scrapped. Some experts say scrappage could reach 4-million units a year. Our people must have transportation, so here is another great potential market,

*An address by Mr. Freed before the National Instalment Credit Conference of the American Bankers Association, Chicago, Ill., March 22, 1954.

especially for used cars; and I can tell you now, the used car business, among our members, is good.

The market for a second car in the family is going to grow tremendously in the period ahead. Huge suburban developments around every city are creating the need and desire for a second car. We can look forward to a substantial increase in the number of 2-car families in our new peacetime prosperity.

It isn't too far fetched to visualize a million first-time buyers each year—when you consider the way our population is increasing and will continue to increase.

Auto Buyers Have Capacity to Pay

I know I do not have to tell you that the capacity to pay for automobiles is just as great as it has been, despite unemployment increases in some areas, because you know better than any one else how much money is in savings and how much expendable income the public has.

So, these are sound reasons to feel 1954 will prove to be a good year in the retail automobile industry. These are the basic reasons which justify an optimistic view of what's ahead.

It is interesting for me to remember that I owe my entrance into the automobile business to instalment financing. Back in the 'twenties—dare I say—most banks looked with a lot of doubt, to put it mildly, on financing automobiles. At that time, I was, myself, in the automobile financing business. My company inherited a number of repossessions of doubtful make and rare vintage; and for all practical purposes, we were, unhappily then, in the new-car business. I have been in it ever since!

Back in 1925, competition in the retail end of the automobile business was keen and spirited. There wasn't so much competition then in instalment financing!

Competition Returns to Auto Business

Today competition has definitely returned to the automobile business. Only now it's tough and fierce, as well as keen and spirited. However, the right kind of competition is good for business—and any straight-thinking businessman welcomes clean, legitimate competition. It brings out the best in management, and the public is always better served and better informed in a competitive market.

Getting back to the subject of automobile financing, I noted in a recent report that as of August, 1953, the banks of the country did 44% of the financing of automobiles, while the finance companies, large and small, did 56%.

Certainly this volume of business, which we dealers create, establishes clearly that instalment financing of automobiles is good business—good business for banks as well as for all others engaged in rendering this service.

The importance of this business and the volume it has reached with you, imposes, I believe, a distinct responsibility. While we are in the front line in any fight for sound financing, too great caution in granting loans can dry up business rapidly. I was certainly gratified to note the memorandum released recently to its members by the American Bankers Association. It pointed out to them that it would not be a wise policy to become overly selective in the extension of instalment credit.

My applause of this statement does not mean that I would ever advocate loose credit policies. In fact, in the National Automobile Dealers Association, we are continually reminding our members how important it is to maintain high ethical standards and sound business practices—particularly in financing operations.

Recently we made an informal spot check, among leading finance companies and banks, on the matter of present trends in collections and repossessions. No doubt other portions of your program here will deal with this subject.

Automobile Financing in a Healthy State

Our check revealed a general opinion that automobile financing is in a healthy state at this time. In no instance did our respondents indicate any alarming trends. One of the largest companies reported that automobile accounts, both new and used, which involved delinquencies over 30 days were only .95 of 1% as of Jan. 31, 1954, compared with .84 of 1% on Jan. 31, 1953. This same large company told us that on an accumulated basis, repossessions of new cars at the end of 1953 of cars financed in 1952 were but 1.02% of the volume handled in 1952.

As for used cars, this company informed us that at the end of 1952, they had to repossess only 3.18% of the used cars financed in 1952. At the end of 1953, they had repossessed only 4.60% of the used cars financed in 1953.

Most of those consulted express the opinion that while delinquencies and repossessions are going to be slightly higher, they anticipate no abnormal delinquency ratios or abnormal repossessions by comparison with the norm.

It is most interesting to learn from one of the large finance companies that through all the years, since 1925, the average per cent of new cars repossessed is just slightly under 2½%, and not quite 12% of the used cars financed in this 29-year period, which covered one of the worst depressions in our history.

This is a remarkable history.

All past records show that our merchandise is more readily salable as collateral under a loan than any other product. There is always a market. On a percentage basis, the automobile probably has a far greater resale value than any other product. If you doubt this, see what you can get for a used wrist watch, or a used dining room set, or a used suit of clothes, or even a used TV.

Used cars today represent the greatest bargain in all automotive history, in comparison with the prices of new cars—just as they represent the greatest value in the history of used-car marketing. True, there have been adjustments in used-car selling prices this year as compared to a year ago. This was to be expected—we all knew used-car prices would go down as new cars became more plentiful. So now the adjustment period is over, and today's prices of used cars represent outstanding value.

The useful age of an automobile has increased tremendously due to engineering improvements built into them when new and to better maintenance and service by our dealers. Many of you remember when a five-year-old automobile was considered ready for the graveyard. Not so today — the average car of that age represents many more miles of dependable operation.

There have always been more buyers for used cars than for new cars. So I urge that you consider all these elements in your consideration of used-car financing.

Used-Car Financing Essential

If you are to justify the volume of automobile finance business which is yours today, it is reasonable, I believe, to assume that you must offer a complete service to the car buyer, and to the dealer—not merely expect to handle the cream of the new-car financing, but also to handle your full share of used-car financing, and dealer floor-plan financing when it is required. I mean that fair-weather, "on and off" credit should never prevail in dealing with a business as established and sound as the retail automobile business.

Let's discuss just a few impressive facts about our business. Back in the early days, many bankers looked upon automobile dealers as 'here today and gone tomorrow."

The picture is impressively different now. It will surprise you to know that the new-car and new-truck dealers of the nation have more invested in their facilities to serve the public than have the factories which produce the cars. They employ, regularly, more people. They met payrolls which total into the billions. The average new-car and new-truck dealer has been in business more than 20 years.

As bankers and as civic leaders, you are conscious, I know, of the automobile dealer's outstanding contributions to civic and community life. Eight out of 10 new-car dealers are active members of community organizations—more than half of them are serving as officers or directors of these community groups. Thirty-four per cent of the nation's new-car dealers hold or have held public office in their communities, counties or states.

The retail automobile business, represented by the authorized new-car and new-truck dealers of the nation, has grown up. The men who make up its ranks walk side by side with those in other respected business and professional groups. They, too, are helping to make America great.

John McFetrick Forms Own Firm in Montreal

MONTREAL, Canada — John McFetrick announces the formation of McFetrick & Co., members of the Montreal and Canadian Stock Exchanges, with offices at 132 St. James Street West. Mr. McFetrick has recently been a partner in McFetrick-Scarlett & Co., in charge of the Montreal office and prior thereto he conducted his own investment business in Montreal for many years.

Relaxation of British Exchange Control

By PAUL EINZIG

Commenting on the substantial relaxation of British restrictions on sterling and gold dealings, Dr. Einzig says it indicates a feeling by the British authorities that the reserve position is strong enough to undertake this risk, which is incomparably less than a full return to sterling convertibility. Sees possibility that Britain might lose gold, but finds the expanded Sterling Area, where full convertibility prevails, is now isolated from the dollar area.

LONDON, Eng.—The announcement, made on March 18, about a substantial relaxation of the restrictions on sterling and on dealings in gold, came as a complete surprise. Apart from rumors which were in circulation during the 24 hours that preceded the announcement —as a result of leakage of information on the part of the Continental Governments and Central Banks to whom the British authorities communicated their intention in the last minute—it may be said that the decision was a very well-kept secret. Generally speaking it had been assumed that the relaxation of the control would be deferred until it has become evident whether the American business recession would continue and whether the United States Government would take any drastic action against a slump. But apparently the British authorities felt in a sufficiently strong enough position to risk a relaxation at this stage.

Dr. Paul Einzig

Even though the risk involved is incomparably smaller than the risk of restoring the convertibility of sterling in relation to the dollar, there is a possibility that on balance Britain might lose gold as a result of the steps that have just been taken. Under the new arrangement all holders of sterling in countries other than the Dollar Area, Egypt, Hungary, Persia and Turkey, will be able to transfer their sterling between each other. Sterling has now become fully convertible in an area that includes the whole of the British Commonwealth, the whole of Europe with the exception of Hungary and Turkey, the whole of Asia with the exception of Persia and Asiatic Turkey, the whole of Africa with the exception of Egypt, and a large part of Latin America.

This "Transferable Account" Area, as it is now called, includes some hard currency countries, such as, for instance, Switzerland. As a result Britain is now exposed to a drain through the use of sterling by soft currency countries for the acquisition of such hard currencies. There is a danger that soft currency countries, in order to be able to secure sterling for the sake of converting it into Swiss francs, Belgian francs or other relatively scarce currencies, will make a special effort to increase their exports to Britain and the Sterling Area. Or they may curtail their imports from Britain and the Sterling Area. This danger is relatively limited, however, partly because the conceivable full extent of such a demand for these hard currencies is not unduly large—incomparably smaller than the potential demand for dollars would be if sterling were to be made fully convertible — and partly because sterling itself has been relatively scarce during the past year or so. Even so, the desire of Transferable Area countries to acquire scarce currencies through sterling is bound to cause some losses of gold.

On the other hand, the disappearance of the various special sterling quotations has undoubtedly great advantages. Their existence was highly detrimental to the prestige of sterling. Multiple exchange practices have long been denounced as "Schachtian devices" unworthy of a country of first-rate standing. It is true, even under the new system there is more than one type of sterling quoted. But the change constitutes considerable progress towards the unification of the quotation of sterling.

The possibility of a misuse of Transferable Accounts must of course be envisaged. Sterling on such account will doubtless be sold to the Dollar Area if holders offer buyers an inducement in the form of selling their sterling at a discount. In this respect the situation remains substantially the same as it was when a wide variety of sterling was obtainable in New York. American importers may pay for their British or Sterling Area purchases with the aid of Transferable Account sterling. The temptation to do so is very small, however, so long as the discount is a bare point or two.

The restoration of the free gold market is not likely to entail any loss of gold by the authorities. On the contrary, it is likely to lead to the opening of "Registered Accounts" into which the proceeds of gold sold by residents abroad is paid. Sterling on such account is transferable to practically every part of the world, and this may possibly induce many additional people to hold sterling.

The new sterling arrangement amounts to a virtual unification of all non-dollar currency areas into a single currency area with London as its center. It remains to be seen whether London will be able to play this part without inflicting grave disadvantages on the British economy. For there can be little doubt that, on balance, sterling has become more exposed to incalculable international trends as a result of its increased convertibility. It may take many months before it becomes safe to assume that Britain's resources are equal to the additional strain.

On the other hand, the new arrangement has the advantage of providing a monetary machinery for an insulation of the non-dollar area from the dollar area in case of a grave slump in the United States. Hitherto the potential financial defensive lines were the sterling area arrangement and the European Payments Union arrangement. Now they include a much wider area. Multilateral trading within that area should go some way towards reducing the adverse reactions to an American slump, provided London can stand the strain of acting as a financial center of such a large area without sufficiently large gold resources.

Merrill Lynch Group Underwrite Safeway Stores Offering

Safeway Stores, Inc. is offering its common stockholders of record April 5, 1954, rights to subscribe for 267,000 shares of $100 par value 4.30% convertible preferred stock at the subscription price of $100.35 per share on the basis of one share of preferred for each 13 shares of common held. Rights appurtenant to 478 shares of common have been waived. The subscription offer will expire at 3:30 p.m. New York time on April 21, 1954.

An underwriting group headed by Merrill Lynch, Pierce, Fenner & Beane will purchase any unsubscribed preferred shares.

Proceeds from the sale of the convertible preferred stock will be applied to the payment of short-term bank loans which the company obtained to finance inventories and to meet current costs of the construction and modernization program.

The new stock will be convertible at any time at par into common stock at $46 per share of common, subject to adjustment. Redemption of the stock may be made at prices ranging from $103 if redeemed on or before Oct. 1, 1957 down to $100.50 if redeemed after Oct. 1, 1963.

Safeway Stores, Inc. operates a chain of retail food stores (2,037 on Dec. 31, 1953) in 23 states, the District of Columbia and the five western Provinces of Canada. A general wholesale grocery business is conducted in Canada and in and around El Paso, Texas. On the basis of sales volume for 1953, the company believes it ranks second among the food chains in the country.

Gruss Co. to Admit

Gruss & Co., 52 Broadway, New York City, members of the New York Stock Exchange, will admit Arthur Adrian Winner to partnership on May 1.

To Acquire N. Y. S. E. Membership

The New York Stock Exchange on April 15 will consider the transfer of the Exchange membership of the late Frederick R. Lockwood to John Porteous II.

The Biggest Stock Market in America

Continued from first page

names in these groups being Aetna Life Insurance, Travellers Insurance, General Reinsurance, Hartford Fire Insurance, West Penn Power, United Illuminating, Connecticut Power Company, Indiana Gas & Water, Arizona Public Service, Philadelphia Suburban Water, Tennessee Gas Transmission, Transcontinental Gas Pipeline and Texas Gas Transmission.

In addition, practically all United States Government and State government securities, and the bonds of over 100,000 municipalities of the country are traded on the over-the-counter market.

Yes, it is the biggest securities market in the country. In contrast there are only 3,500 stocks and 1,000 bond issues traded on all of the stock exchanges of the country.

Quotations

The over-the-counter market is so big that newspapers and magazines carry quotations on only those few securities in which they feel the average reader may have major interest.

Although the over-the-counter market itself receives relatively little publicity, the same cannot be said of the many products made by companies whose securities are traded thereon. Familiar examples are: Bromo-Seltzer; Pabst and Budweiser beer; Gerber's baby foods; Kellogg's breakfast foods; Dictaphones; Gruen watches; Kleenex; Kotex; Niblets; Planters peanuts; Ohio matches; The Statler Hotels; "Time," "Better Homes & Gardens," and "Collier's" in the magazine field; Bausch and Lomb glasses; Good Humor ice cream; Hoover cleaners; Jantzen swim suits; Oshkosh overalls; Pequot sheets; Peter Paul candies; and Tappan gas ranges.

Aims of All Investors Can Be Satisfied

The choice of a stock is, of course, dependent on the investor's objective. If it be to take a flier in a new industrial, oil or mining enterprise, the over-the-counter is the principal market offering purely speculative securities of infant industries.

On the other hand, if an investor is conservatively inclined and is only interested in stocks with impressive dividend records, his needs can be readily satisfied, too, on the over-the-counter market, for here, as Table I given below shows, are some of the banks, insurance companies and other corporations that have paid consecutive cash dividends for periods ranging from 10 to 169 years. (In the case of banks, more than 100 of the larger ones are included.)

In Table II we show those over-the-counter common stocks that have paid consecutive dividends for 5 but less than 10 years. As in Table I, you will find here many growth situations that will undoubtedly give rise to some of the giants of the future.

Difference Between Listed and Over-the-Counter Trading

The exchange market is often referred to as an auction market because a stock exchange provides a focal point for the concentration of bids and offerings of potential purchasers and sellers for all securities listed on it. Genuine auction marketing in a security cannot be maintained, however, unless there is sufficient activity in it.

In those cases where less active securities are traded on an exchange, it devolves upon the stock specialist for each particular stock to create a market in the absence of sufficient public orders to buy or sell by, in effect though not in strict parlance, putting in an order for his own account. In other words, if you wanted to sell 100 shares of XYZ stock and the specialist had no order from anyone else to buy that stock, he himself would be expected to enter a reasonable bid on his own. The continuity of any market thus created is largely dependent upon his financial resources and his willingness to thus risk his own money.

The Over-the-Counter Market

On the over-the-counter market the situation is quite different. Here there are a tremendous number of dealer firms from coast to coast that interest themselves in making a market for unlisted and some listed stocks and bonds. Most of them can communicate with each other instantaneously through private telegraph wires or other facilities at their disposal.

Thus many over-the-counter dealer-brokers in New York, for instance, will be doing business throughout the day with other dealer-brokers in Boston, New Orleans, Chicago, St. Louis, Denver, Los Angeles, San Francisco, Seattle and other cities from coast to coast. As an integral part of their operations dealer-brokers stand ready to buy and sell substantial quantities of the securities they are "quoting" and maintain inventories in them. Some firms, of course, choose to act solely as brokers and not dealers.

Because of competition, the spread between the bid and the asked figures on more active stocks is quite narrow. In less active stocks the over-the-counter dealer must find contra-orders if he does not wish to assume inventory positions in the securities involved. It is his business to know which other dealers in all parts of the country might have a buying interest in a given security.

One, five, ten, fifty or more over-the-counter dealers in different parts of the country may interest themselves in "making a market" for a given unlisted security. Prospects known to the

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first dealer, or known to those other dealers he contacts (either locally or in other cities), may often include individuals who are believed to have a buying or selling interest in the instant security, or investors who might be induced to buy.

The process of constantly seeking out buyers and sellers is characteristic of the over-the-counter market.

A major characteristic, too, of the "counter" markets is negotiation. If a gap in price exists after a prospect is found, the transaction does not die. Instead negotiation ensues. The mere existence of a buy or sell order is the incentive for the "counter" dealer to find the opposite. The over-the-counter market thus has no physical limitations.

As a practical matter, though, individuals in any city of 100,000 or more can frequently pick up a phone and call a dealer-broker and get an execution on an order for an unlisted security momentarily—often while the call is progressing.

Some "counter" dealers sell directly to investors themselves. In other cases they may have a dealer following throughout the country consisting of retail firms that are always looking for securities that present good values to sell to their investor clientele.

Numerous exchange firms also deal in over-the-counter securities and any that do not must buy from or sell to an over-the-counter dealer to execute customers' orders for unlisted securities.

Many listed securities, too, are sold over-the-counter when the blocks are too large to make a quick orderly sale on an exchange possible.

An investor need not concern himself with the intricacies enumerated above, since his dealer-broker will obtain current market quotations on any over-the-counter stock or bond, and handle all details of purchase and sale.

The longer trading day in the over-the-counter market is often a distinct advantage to the investor. On an exchange, securities can only be sold in New York between the hours of 10:00 and 3:30; in the Midwest between 9:00 and 2:30 and on the West Coast between the hours of 7:00 and 12:30. However, in most instances unlisted securities can be sold any time between 9:00 and 5:00 in the Midwest and on the West Coast it's even longer than that. Dealer-brokers in the over-the-counter market there are on the job from 7:00 in the morning until 5:00 in the afternoon.

Stock Exchange Commission Rates vs. Counter Dealer Charges

When an exchange-broker executes an order for you in an exchange-listed stock, he tells you the cost price as well as the amount of his commission on your confirmation slip. On the other hand the over-the-counter dealer more often than not buys from and sells to you "as principal" or on a "net" basis as it is termed in the parlance of the securities business. This means his profit or loss is included in the price he quotes you and there is no commission charge shown on his confirmation. The over-the-counter dealer usually acts just as a merchant does in other lines of business. In other fields when you buy a set of dining room furniture, a fountain pen or what have you, the merchant sells it to you at a flat price and does not add any commission thereto. So with the "counter" dealer.

It is true that exchange commission rates more often than not are lower than the profit rates over-the-counter dealers are obliged to operate on. An important reason for this is the fact that the services of the over-the-counter dealer, besides frequently necessitating his taking the risk of an inventory position, include the extensive searching for matching bids and offers from potential buyers and sellers.

When a security is taken from the over-the-counter market and listed on a stock exchange, over-the-counter dealers ordinarily lose interest in it, for they cannot make a profit trading in it at rates comparable to the commission charges of exchange firms. Though the "counter" dealers' profit rates may be somewhat higher, they may afford investors "better" prices than the less expensive service of exchanges.

Values

For one thing, the basic fact is that the price of over-the-counter stocks is not swollen by the premium the public is ordinarily willing to pay for exchange-listed securities. Then, too, active listed stocks and the exchange stock ticker system provide a ready vehicle for speculation and tend to center buying and selling decisions on short-term price swings in lieu of "real" economic values. Many apparently buy stocks according to hoped-for price movement and not for true investment purposes, their interest being merely "where is the price going and when."

The mere fact that under the "exchange auction-specialist system" the spread between bid and ask prices is close or narrow is no indication that the investor gets good value when he buys or that the seller obtains a price in keeping with the intrinsic value of the stocks he wishes to sell. Intelligent investors are quick to recognize the fact that prices and values are two totally different things.

As pointed out before, the assumption of inventory positions is an integral part of the over-the-counter dealers' task. They must take the initiative in assuming such positions. Although they must be aware of and responsive to the foibles of their customers, they cannot without unwarranted hazard buy securities for inventory purposes unless they take cognizance of basic economic values.

Basic economic values may appear somewhat elusive, but they are nonetheless real. They consist of mathematical and non-mathematical elements. Some insight as to the real value of a stock may be gained by checking such things as its earnings and dividend records, book value and liquidating value. But the first three of these are tied to the past, and subject to the fact that accounting is an inexact science. And liquidating value may be largely of academic significance, if the corporation is going to continue in existence. The anticipated future average annual net income of a corporation may be capitalized numerically, but not without reference to many non-numerical concepts. These include the acumen, initiative, imagination and forcefulness of the officers and directors of the corporation. Speculation as to how the present and possible future products of a corporation will fare on the markets may be handled numerically only to a certain extent.

When an individual consistently purchases stocks without regard to basic economic values, he may at times make money, but sooner or later he will book losses. And although he may remain "in the market" for an extended period, he cannot do so after his capital is exhausted.

So it is with the over-the-counter dealer. If he habitually assumes inventory positions at prices out of line with basic economic values, the economic forces will in due time exhaust his capital and drive him from the scene. For survival he must be cognizant of the elements, listed above, which are determinants of the real value of the securities in which he is taking inventory positions. His prices cannot consistently be out of line with real values. Particularly in regard to the non-numerical elements which go into the making of the real value of a security in which he is to assume a position, he must, as a general rule, have knowledge superior to that of the lay trader.

Therefore, an important contribution of over-the-counter dealers who take important inventory positions results from the fact that their market pricing must be influenced definitely by intrinsic corporate value factors. They must stress value consciousness over quotation consciousness.

Officers and directors of the 14,000 banks and the major insurance companies of the country when buying or selling their own institution's stock for their own account do so almost entirely through over-the-counter dealers. Investment officers of these institutions, too, are continually buying and selling government, municipal and corporation bonds and stocks through "counter" dealers for the account of their banks and companies.

Just as you get good or indifferent treatment and values from both large and small stores in other lines of business, so it is with over-the-counter dealers. It is not necessary for a firm to have a million dollars to be thoroughly trustworthy and to have good judgment with respect

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No Reason to Be Concerned Over '54 Picture!

Leo Cherne, Executive Director, Research Institute of America says, in terms of the last 14 years' average, 1954 will be a banner year.

"Regardless of your standard of measurement, 1954 is not a year which offers any substantial reason for concern," according to Leo Cherne, Executive Director, Research Institute of America. Speaking at the second day of the three-day sales convention of the Frank H. Lee Company, Danbury, Conn., hat manufacturers, in New York City, Mr. Cherne added, however, that "many misconceptions had arisen because of varied viewpoints as to measurement standards."

Leo M. Cherne

Continuing, Mr. Cherne stated: "If you look at 1954 in terms of a few years, 1954 is going to look awfully modest. If you look at it in terms of the last 14 years' average, '54 will be a banner year. If you look at it in terms of 1953, this year is without doubt more competitive. If you look at it in terms of 1939, there is just no comparison; they are too different worlds, two fantastically different sets of figures.

"Because of this situation, an increasing number of businessmen realize the need for increased sales effort—for sales is the secret behind our fantastic conception and the dynamism which moves a group of people eight abreast to stand in a line seven blocks long to see the look of a new automobile. We live on consumption—but we are selling to a different population than in time past.

"The real consumer in our day's economy is the family with an income of over $5,000 a year. The top income group in America, over $5,000, represented 2½% of all income in 1939. The top income group today represents 26% of all income.

"This is the revolution which has occurred in American motivation. This is the reason for the fundamental optimism which, incidentally, never before in my experience, has united the views of every kind of U. S. economist. This fantastic reshuffling of the distribution of our national income has made a fabulous body of new consumers — consumers for apparel, for home improvements, for scores of other products once considered luxuries."

Dealing with specific aspects of 1954, Mr. Cherne added:

"We will be down about 10% in most of the important indicators —production, income, jobs. That in some areas will be more than the drop in 1949. But I want to emphasize again that such peak production as we had in 1953 is not a fair basis for comparison. To understand what's happening now, you have to go back to the last period in which we had a down-turn—1949. Then, too, we were going through a readjustment period. Many people believe that the adjustment of 1949 was ended by the Korean war; that military production bailed us out. The fact is that the slide-off had lasted about a year and had already played itself out before Korea started. Industrial production started to climb about eight months before Korea. Gross national products began moving up about three to six months before. Profits were already going up about seven months before the Communists crossed the 38th Parallel. Unemployment which had been rising for 18 months during 1948 and 1949, had begun to drop for four months before the war started.

"It was not Korea that stopped the downward movement of the economy. It was the correcting mechanism in the economy itself. In this instance, accumulated inventories were gradually working off. Then the economy went back to the business of expanding. Our present economy is not the one that faced the great depression, either then or this year or the next. Actually, our savings position, our unemployment insurance and other benefits, research and experience are all invaluable assets.

"Today, government additionally has the benefit of past experience in using a variety of weapons to ease the effect of business decline.

"Business and growth are not smooth sailing. If we want growth, we have to be willing to take the growing pains, too. Right now we are passing through a period of adjustment. Some companies feel it intensely. Others barely notice. For those affected the immediate months containing hardship and the answer is to cut costs and increase efficiency. And, above all, intensify the search for more sales. But for business as a whole, the answer to how big is the future, is as big as they want to make it. We are a strong nation, capable of meeting economic challenge. The record of our past achievements gives promise that a new age lies ahead."

La Salle St. Women to Attend Bar Ass'n Dinner

CHICAGO, Ill.—La Salle Street Women, their employers, and guests will attend a Dinner Meeting at the Chicago Bar Association, Thursday, April 15, with the Honorable William G. Stratton, Governor of Illinois, as Guest Speaker. Mrs. Stratton will accompany her husband.

The membership of the La Salle Street Women represents over 50 financial organizations in Chicago. The President of La Salle Street Women, Miss Joan Richardson of Glore, Forgan & Co., will preside.

Baruch Bros. Co. Opens

Baruch Brothers & Co., Inc., has been formed with offices at 44 Wall Street, New York City, to engage in a securities business. Leon Weill is a principal of the firm.

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to investment values. Just be sure the over-the-counter firm or individual dealer you contemplate doing business with has a good reputation.

It is no exaggeration to say that both exchanges and the over-the-counter market are vital to our economic life. Through the medium of stocks and bonds idle capital of individuals, banks, institutions and the like flows into trade and industry and makes it possible for business to obtain the wherewithal with which to provide jobs for ever more workers at ever less human effort and at ever more renumeration. Savings thereby become an asset to society and not a problem. The beauty of it is that the capital needs of both big and small business alike can be thus served.

If it were not for the exchanges and over-the-counter markets, investors of all types would find it almost impossible to quickly retrieve the capital they put at the disposal of governments, municipalities or corporations. This is one of the many reasons why it is socially important that those engaged in the investment business thrive.

And now the dividend tabulations previously mentioned follow. Since they represent an initial effort, a high degree of selectivity necessarily has been involved. It is planned to make the list more inclusive as time goes on and any advices as to appropriate additions would be appreciated by the "Chronicle." Communications should be addressed to the Editor, Commercial & Financial Chronicle, 25 Park Place, New York 7, N. Y.

TABLE I

OVER-THE-COUNTER
Consecutive Cash
DIVIDEND PAYERS
for
10 to 169 YEARS

The year in brackets under name of each listing indicates the date from which the company or institution has paid consecutive cash dividends insofar as complete records are available in the files of the "Chronicle," or the prominent statistical services.

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Abercrombie & Fitch Large variety of sporting goods [1937]	17	1.00	‡21	4.8
Aetna Casualty & Surety Writes practically every form of insurance [1908]	46	3.20	135	2.4
Aetna Insurance (Hartford) Diversified insurance [1873]	81	2.40	56½	4.2
Aetna Life Ins. (Hartford) Life, accident, health [1934]	20	†2.17	95½	2.3
Aetna-Standard Engineering Producer of heavy equip. [1941]	13	1.50	15½	9.7
Agricultural Insurance Co. Diversified insurance [1864]	90	†1.60	30½	5.2
Alabama Mills Staple cotton goods [1942]	12	0.65	8⅞	7.3
Albers Super Markets 62 stores in Midwest [1942]	12	1.25	35	3.6
Allied Paper Mills (Mich.) Specialty papers [1944]	10	1.50	28	5.4
Allis (Louis) Co. Generators & elec. motors [*1937]	17	3.00	42	7.1
American Air Filter Filters and miscellaneous heating and ventillating equipt. [1935]	19	1.20	21½	5.6
American Alliance Ins. Co. Diversified insurance [*1920]	34	1.50	37	4.1
American Auto Insurance Diversified insurance [1934]	20	2.00	48¼	4.1
American Barge Lines Operates on Ohio and Mississippi Rivers [1941]	13	1.60	22⅝	7.1
American Box Board Boxes and containers [1941]	13	†1.49	21⅝	6.9
American Dist. Teleg. Controlled by Western Union: Signal service protection against fire, burglary and holdup [1903]	51	1.25	27	4.6
American Enka Corp. Manufacture rayon and nylon yarns and fibers [1934]	20	2.00	36	5.6
American Equitable Assur. Diversified insurance [1934]	20	1.50	29¼	5.1
American Express Co. Money orders; travelers' checks [1882]	72	1.00	17½	5.7
American Felt Co. All kinds of felts [1939]	15	1.25	20	6.3
American Fidelity & Casualty Diversified insurance [1938]	16	1.10	22⅜	4.9
American Forging & Socket Auto body hardware [1943]	11	0.75	7½	10.0
American Fruit Growers Packs and markets fruits and vegetables [1943]	11	0.25	‡10	2.5
American Furniture Large furniture mfgr. [1940]	14	0.20	2½	8.0
American General Insur. Co. Fire, auto, marine [1929]	25	1.40	48	2.9
American Hair & Felt Misc. hair & felt prods. [1942]	12	1.25	12	10.4
American Hardware A leading producer of hardware [1902]	52	0.75	13⅜	5.6
American Hoist & Derrick Hoists, cranes, cargo eqp. [1940]	14	1.30	14½	9.0
American Insur. (Newark) Diversified insurance [1873]	81	1.10	26⅝	4.1
American Locker, Class B Maintains lockers in public terminals [1943]	11	0.45	6	7.5
American Maize Products Manufactures various corn products [*1928]	26	1.10	23¾	4.6
Amer. Natl. Bk. Tr. (Chic.) [1935]	19	6.00	270	2.2
American National Bank of Denver [1935]	19	5.50	135	4.1
American Pipe & Construct'n Boilers, tanks, pipe lines [1939]	15	0.50	‡17½	2.9

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation. Dec. 31 figure not available.

THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
American Pulley Power transmission and other equipment [1940]	14	†1.14	14½	7.9
American Re-Insurance Diversified insurance [1922]	32	†0.65	20	3.3
American Screw Screws and bolts [1899]	55	3.50	‡38½	9.1
American Security & Trust Co. (Washington, D. C.) [1892]	62	1.50	‡35	4.3
American Surety Co. Diversified insurance [1934]	20	3.00	61¼	4.9
American Thermos Bottle Co. Vacuum ware [1934]	20	1.00	15⅞	6.3
Amer. Trust (Charlotte, N.C.) [*1925]	29	2.50	93	2.7
American Trust (S. F.) [1936]	18	1.40	32½	4.3
American Wringer Washing machine parts [1943]	11	1.15	14½	7.9
Ampco Metal, Inc. Diversified bronze alloy products [1942]	12	0.40	4½	8.9
Anheuser Busch Leading brewer [1932]	22	†1.14	31½	3.6
Animal Trap Co. of America Large variety of traps [1937]	17	0.40	6	6.7
Arden Farms Co. West Coast dairy [1944]	10	1.00	12¼	8.2
Arizona Public Service Operating public utility [1920]	34	0.90	17⅝	5.1
Arkansas-Missouri Power Co. Operating public utility [1937]	17	1.10	20⅝	5.3
Arkansas Western Gas Natural gas distributor [1943]	11	0.80	16	5.0
Arrow-Hart & Hegeman Electric wiring devices and controls [1929]	25	3.00	37½	8.0
Art Metal Construction Co. Office furniture [1936]	18	2.75	30¼	9.1
Associated Spring Precision springs [1934]	20	1.80	26¼	6.9
Atlanta Gas Light Operating public utility [*1937]	17	1.20	21½	5.6
Atlantic Steel Nails, wire, fencing [1934]	20	2.00	‡43	4.7
Automobile Insur. (Hartford) Diversified insurance [1929]	25	1.80	‡88	2.0
Avon Products Cosmetics [1919]	35	†1.63	41½	3.9
Avondale Mills Cotton fabrics and yarns [1906]	48	1.26	20	6.3
B/G Foods, Inc. Restaurant chain [1944]	10	0.80	9	8.9
Badger Paper Mills Sulphite pulp and paper [1934]	20	4.00	‡49	8.2
Bangor Hydro-Electric Operating public utility [1925]	29	1.70	28⅞	5.9
Bank of Amer. NT&SA Nation's largest bank [1932]	22	1.60	35⅞	4.5
Bank of California, N. A. [1880]	74	2.25	52½	4.3
Bank of the Commonwealth (Detroit) Formerly Commonwealth Bank [1937]	17	5.00	148	3.4
Bank of the Manhattan Co. [1848]	106	1.60	40¼	4.0
Bank of New York [1785]	169	18.00	391	4.6
Bankers & Shippers Insur. Diversified insurance [1925]	29	2.40	56½	4.2
Bankers Trust Co., N. Y. [1904]	50	2.20	54¼	4.1
Barcalo Mfg. Co. Furniture and mechanics' hand tools [1941]	13	0.48	6½	7.4
Bareco Oil Co. Oil refining [1944]	10	0.30	4¾	6.3
Baxter Laboratories, Inc. Pharmaceuticals [1934]	20	0.65	17	3.8
Baystate Corp. Holding company, banks [1928]	26	1.80	37	4.9
Belknap Hardware & Mfg. Hardware & furniture wholesaler [1928]	26	1.00	13⅝	7.3
Belmont Iron Works Designer and erector, structural steel [1936]	18	3.25	36	9.0
Belt Rail Road Leased by Indianapolis Union Ry. [1890]	64	2.00	‡62	3.2
Bemis Bros. Bag Co. Sacks and bagging [1930]	24	8.00	118	6.8
Beneficial Corp. Holding company affiliate of Beneficial Loan Corp. [1928]	26	0.40	8¼	4.8
Berkshire Fine Spinning Fine cottons [1941]	13	1.00	12⅝	7.9
Bibb Mfg. Co. Cotton goods; sheetings, etc. [1887]	67	2.00	34¾	5.8
Biddeford & Saco Water Co. Operating public utility [1921]	33	5.00	‡98	5.1
Bingham-Herbrand Forgings, stampings and tools [*1943]	11	†0.44	8⅞	5.0

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation. Dec. 31 figure not available.

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Miss Allen on Trip To Far East

Marjorie E. Allen

Miss Marjorie Allen, foreign representative of the investment banking firm of Allen & Co., departed April 2 on the first leg of her trip to the Far East, and other sectors of the globe, for a first hand inspection of foreign industries in which the firm holds substantial securities investments. The world tour marks the third visit by Miss Allen to the Far East since the end of World War II.

After a short stay in Honolulu, Miss Allen is expected to arrive in Tokyo, Japan, on April 18, for an extended visit with industrial, financial and governmental leaders.

Following her stay in Japan, Miss Allen will travel to Australia, New Zealand, Hong Kong, Singapore, New Delhi, India, and Saudi Arabia, where she will look over the investment situation, and then to West Germany and Switzerland to make a spot check on the investment interests of Allen & Co. It is expected that the global trip will require three months, after which Miss Allen will report her findings to the management of the investment banking firm.

With King Merritt Co.

(Special to The Financial Chronicle)

BRIDGEPORT, Conn. — Robert A. Donaldson is now with King Merritt & Co., Inc. He was previously with Hincks Bros. & Co., Inc.

Joins Smith, Ramsay

(Special to The Financial Chronicle)

BRIDGEPORT, Conn.—Michael Popadic, Jr., has become affiliated with Smith, Ramsay & Co., Inc., 207 State Street.

Lessons of 35 Years in the Stock Market

United Business Service takes a look back at popular stocks of 35 years ago, some of which are now worthless.

BOSTON, Mass. — Thirty-five years ago, when the United Business Service was founded, the nation was on the threshold of a golden era in its financial and economic history. The automobile age was just dawning, radio was beginning to bloom, and mass production had received a tremendous lift from World War I. One might think that in the light of these trends almost any common stock investment would prove profitable. Such was far from the case, the Service points out.

Three of the most active and popular stocks of the 1919 era were Chandler Motors (price 66), Pierce Arrow (35), and Studebaker (86). Eventually all were to go in bankruptcy and stockholder losses were virtually 100%. General Motors was also one of the most actively traded stocks, but at $13 a share it was viewed in some circles as a gamble for those who liked to dabble in low priced issues.

Oil stocks and electric utilities were just coming into investment prominence, but they had not attained a position of respectability. Indeed, the conservative institutional investor of those days was likely to take a jaundiced view of the whole stock market. Why should he risk his capital when U. S. Liberty Loan 4½s were available to yield nearly 5%, and railroads of unimpeachable credit borrowed on equipment trust obligations at 7%? A growing upstart called duPont was soon to issue a 10-year 7½% bond.

The overwhelming preference was for railroad securities from the standpoint of safety and respectability. Fourteen of the 20 most popular bonds in 1919 were rails—and more than half of these roads subsequently went into receivership.

An investor in those days with $20,000 to invest might have put, as an example, $1,000 into each of the 20 stocks in the Dow-Jones Industrials of that day—the better quality issues available. Today after 35 years, nine of the 20 stocks show losses of 50% or more from purchase price. One company went into bankruptcy and the loss became total. In another case the $1,000 investment of 1919 had a worth of $36 in 1954. Two others show losses of 70% and 80%.

But here one enters one of those interesting phenomena which is summarized in the old saying "hit one on the nose and it makes up for a dozen wrong guesses." Four of the 20 stocks (American Can, General Electric, Texas Co., and Westinghouse) proved highly successful and now show gains of from 650% to 1,500% over our investor's theoretical cost price.

From this brief look back into market history, the United Business Service makes these recommendations to investors:

(1) There is no such thing as a permanent investment — one which can be put away and forgotten. Safety is not to be found by adopting the tactics of a financial ostrich.

(2) Be keenly alive and receptive to new developments in science and industry, new products, new ways of manufacturing. The factor of growth should receive heavy emphasis in stock selections.

(3) Submit investment portfolios to careful examination at regular intervals and weed out deadwood. In these fast-changing times, flexible policies are imperative, and the position and price levels of individual stocks should be watched continuously.

(4) Diversify — spreading your investment eggs over several baskets is good profit insurance. It increases the chances of hitting the real winners of the future. Even after a most careful analysis, the unexpected often happens.

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THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Bird & Son Building materials [*1924]	30	0.75	16½	4.5
Birtman Electric Co. Household appliances [1927]	27	1.00	15¾	6.3
Black-Clawson (Ohio) Makes paper & pulp mill machinery [1932]	22	1.125	12½	9.0
Black Hills Power & Light Operating public utility [1942]	12	1.28	21½	6.0
Boatmen's Natl. Bk. St. Louis [*1925]	29	2.00	51	3.9
Boss Mfg. Co. Work gloves and mittens [1923]	31	0.25	‡12½	2.0
Boston Herald Traveler Corp. Newspaper publisher [1934]	20	1.20	14⅛	8.5
Boston Insurance Co. Diversified insurance [1875]	79	1.40	34¼	4.1
Boston Real Estate Trust Mass. Voluntary Assn. [1935]	19	3.00	41	7.3
Boston Wharf Co. Real estate, warehouse and storage [1885]	69	1.50	52	2.9
Boston Woven Hose Rubber & cotton hose & belting [1939]	15	0.80	12	6.7
Boyertown Burial Casket Misc. funeral supplies [1930]	24	1.00	16¾	6.0
Bridgeport Hydraulic Supplies water to several Connecticut communities [1900]	54	1.60	30	5.3
Brinks, Inc. Armored car service [1937]	17	1.60	29½	5.4
Bristol Brass Metal fabricator [1932]	22	1.30	15¾	8.3
British Mtge. & Trust (Ont.) General loan & trust business [*1923]	31	10.00	215	4.7
Brockway Motor Co. Heavy & medium trucks [1939]	15	2.00	24½	8.2
Brown & Sharpe Mfg. Machine tools [*1936]	18	1.20	15⅞	7.6
Buck Creek Oil In Continental Oil group [1941]	13	0.24	2½	9.6
Buckeye Steel Castings Co. Steel castings [1938]	16	2.50	20¾	12.0
Buda Co. Diesel and gas engines [1939]	15	1.00	21¼	4.7
BUFFALO-ECLIPSE CORP. Bolts, nuts, screws [1941] ● **See page 38 for advertisement of this company.**	13	1.50	15¼	9.8
Bullock's Inc. Large California department store chain [1930]	24	1.75	24⅞	7.0
Burdine's, Inc. Florida retailer [1939]	15	0.75	13½	5.6
Burgess-Manning Co. Mufflers and pipe line snubbers [1944]	10	1.00	21¼	4.7
California Bank (L. A.) [1921]	33	†1.425	35¼	4.0
California Oregon Power Operating public utility [1942]	12	1.60	26¾	6.0
California-Pacific Utilities Operating public utility [1943]	11	1.40	23	6.1
California Portland Cement Cement and lime products [1927]	27	1.40	‡59	2.4
California Water Service Water supplier [1931]	23	2.00	34	5.9
Campbell, A. S. Auto bumpers and grills [1935]	19	1.20	15	8.0
Cannon Shoe Co. Manufacturer & retailer of shoes [*1936]	18	0.60	6	10.0
Carpenter Paper Co. Paper warehousing [1897]	57	1.60	‡24½	6.5
Caspers Tin Plate Company Metal sheets for containers [1939]	15	0.80	9½	8.4
Central Electric & Gas Distributes natural gas, Nebraska and South Dakota [1942]	12	0.80	12½	6.4
Central Illinois Elec. & Gas Operating public utility [1932]	22	1.525	26⅝	5.7
Central Louisiana Elec. Co. Operating public utility [1935]	19	d0.98	24	4.1
Central Maine Power Co. Operating public utility [1943]	11	1.20	18½	6.5
Central Nat. Bank, Cleveland [1942]	12	1.60	32½	4.9
Central-Penn Nat.Bk.(Phila.) [1828]	126	1.80	37	4.9
Central Soya Co. Soybean processor [1942]	12	1.60	30¼	5.3
Central Steel Wire Metal processing and dist. [1942]	12	2.00	35	5.7

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation. Dec. 31 figure not available.
d The common stock of this company was split two for one in 1953 reducing the par value from $10.00 to $5.00 a share. Regular quarterly dividends of 50c per share were paid on the common stock of the par value of $10.00 per share on February 15 and May 15, 1953. Following the split-up of the common stock, regular quarterly dividends of 25c per share were paid on the $5.00 par value common stock on August 15 and November 15, 1953. In addition to the cash dividends paid on the common stock, a 5% stock dividend was paid on June 1, 1953.

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Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Central Trust Co. (Cinn.) [1937]	17	2.00	51½	3.9
Central Vermont P. S. Corp. Operating public utility [1944]	10	0.84	14⅞	5.6
Chambersburg Engineering Forging hammers, hydraulic presses [1937]	17	2.00	33	6.1
Chapman Valve Mfg. Co. Gate valves, fire hydrants [1936]	18	†2.875	38¼	7.5
CHASE NATIONAL BANK (N. Y.) [1879]	75	2.00	47¼	4.2
● See page 23 for advertisement of this bank.				
Chemical Bank & Tr. (N. Y.) [1828]	126	†1.81	49¾	3.6
Chenango & Unadilla Tel. Operating telephone company [1927]	27	1.20	20¾	5.8
Chicago Mill & Lumber Wood boxes [1940]	14	3.00	33¼	9.0
Chicago So. Sh. & So. Bend [1942]	12	1.00	‡11⅜	8.8
Chicago Title & Trust Co. [1935]	19	3.00	51¾	5.8
Chilton Co. Publisher of business magazines [1937]	17	1.00	17½	5.7
Christiana Secur. Co. Holding Co. [*1925]	29	281.00	7500	3.7
Citizens Fidelity Bank & Tr. (Louisville) [1920]	34	†3.71	102½	3.6
Citizens Natl. Trust & Savings Bank (Los Angeles) [*1925]	29	2.65	‡51	5.2
Citizens & Southern National Bank (Savannah) [1925]	29	1.35	30¼	4.5
Citizens Utilties Serves West Coast and New England communities [1939]	15	†0.39	15⅜	2.5
City National (Houston) [1935]	19	2.00	‡53	3.8
City National Bank (Chic.) [1941]	13	2.00	73	2.7
City National Bank (K. C.) [*1928]	26	0.40	‡66	0.6
Clary Multiplier Office equipment [*1943]	11	0.475	‡6⅝	7.2
Clearing Machine Corp. Power presses [1938]	16	0.80	9¼	8.6
Cleveland Trust Co. [1936]	18	6.00	200	3.0
Coca-Cola (Los Angeles) [1924]	30	1.50	23½	6.4
Coca-Cola (New York) [1939]	15	1.00	41	2.4

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation, Dec. 31 figure not available.

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The National Economy Can Correct Itself

M. S. Rukeyser cites adjustment of production to reduced Federal spending and curtailed rearmament program, with goods circulating without inflation narcotic. Maintains under rigid high labor costs, business adjustment will come largely through substitution of electrical mechanical energy for expensive human energy.

CHICAGO, April 7—The most hopeful aspect of the current economic readjustment in the United States is the evidence that the national economy is capable of self-correction.

Merryle S. Rukeyser

This view was expressed here today by Merryle Stanley Rukeyser of New York, economic commentator for International News Service and for the Mutual Broadcasting System, and business consultant, in an address before the Sales Conference of the Edison Electric Institute.

"Despite the rigidities of the labor cost," Mr. Rukeyser said, "business is seeking a level of activity based primarily on civilian demand. In the process the excesses in inventory and in installment and commercial credits are being adjusted and out of the process a base line for further growth and development will develop.

Marxism Disproved

"Incidentally, the cynical Marxian expectation of men in the Kremlin that the inherent defects of capitalism would lead to a gigantic bust have been frustrated. Production is adjusting itself to reduced Federal spending and a curtailed rearmament program. Goods and services are circulating through the economic arteries without the narcotic stimulus of ever-rising Federal deficits.

"Instead of sales based on fears—fear of shortages, fear of inflation, or fear of vague calamities in the offing—we are moving into a situation where demand will hinge more on desire to buy. Thus there must be new wooing and cultivation of the customer, not only through courteous and seductive words, but also through visible evidence that the seller is genuinely determined to offer more for less. The salesman is coming back into his own, and sales arguments are being developed in the research laboratory.

Power Industry Prime Mover

"With the paradox of the mandate to industry for better values while the labor rates are held rigid, the adjustment will be made through acceleration of the economic revolution wherein mechanical energy (kilowatts of electricity) is increasingly substituted for expensive human energy. Thus conditions are propitious for growth and development of the power industry as the prime mover in this age of tremendous technological change.

"Every year since 1938, a substantial increment over the previous year in sales of electric energy has been the norm. The high and unparalleled industrial productivity of the U. S. A., which is the outstanding fact on the American economic horizon, is the result. Now at long last your prime mover industry, which is so pivotally important in our economic success, is at long last out of the social and political doghouse.

"That the short-term current general economic recession is but a pause in the annals of electricity is shown by the determination of your industry to spend a record sum — well over $4 billion this year—for further capital expansion. This will include more capacity for power generation and for transmission facilities. Your industry grows more rapidly than industry as a whole as a result of the increased trend toward mechanization. If your industry adheres to a constructive program of aggressive selling, its normal expectancy in the coming decade will be a doubling of the present annual output of energy. But, with this challenging potentiality, no one should take the results for granted and rest on his oars. The good results will come only, if there is unremitting effort to achieve the potentialities of expansion, through persistently selling a concept of better living to upwards of 40 million American familiies."

Becomes Partner in Jas. H. Oliphant Co.

Frederick D. Remsen has been admitted to general patrnership in Jas. H. Oliphant & Co., 61 Broadway, New York City, and will represent the firm on the New York Stock Exchange, it is announced. He has been associated with the firm since 1950 when he graduated from Dartmouth College and is a member of the Investment Association of New York. Mr. Remsen is a descendant of the family of early settlers of Brooklyn and New York City for which Remsen Street and Remsen Avenue in Brooklyn are named.

Frederick D. Remsen

N. J. Bowman Co. Opens

SALT LAKE CITY, Utah—Ned J. Bowman Company is engaging in a securities business from offices in the Walker Bank Building.

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THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Coca-Cola (St. Louis) [1928]	26	1.30	21	6.2
Collyer Insulated Wire Supplies utilities and construction industries [1918]	36	2.00	26¼	7.6
Colonial Stores Retail food stores in South [1941]	13	†1.92	39¼	4.9
Columbia Baking Co. Southeastern baker [1936]	18	1.00	15½	6.5
Commerce Trust (K. C.) [1936]	18	2.00	51¾	3.9
Commercial Shear. & Stamp. Structural steels [1936]	18	†0.95	15½	6.1
Concord Elect. (New Eng.) Operating public utility [1906]	48	2.40	35½	6.8
Connecticut Gen. Life Insur. Diversified insurance [1878]	76	2.00	220	0.9
Connecticut Light & Power Operating public utility [*1922]	32	0.88	15⅞	5.5
CONNECTICUT POWER CO. Electric & gas public utility [1916] ● See page 38 for advertisement of this company.	38	2.25	38	5.9
Consolidated Naval Stores Holding Co., diverse interests [1933]	21	6.00	285	2.1
Consolidated Rendering Co. Fertilizers, inedible tallow [1935]	19	2.75	37	7.4
Consol. Water Pwr. & Paper Enamel book paper [1934]	20	1.230	29	4.1
Continental Casualty Diversified insurance [1934]	20	2.50	97½	2.6
Continental Gin Mfrs. cotton ginning equip. [1900]	54	3.00	38½	7.8
Continental Ill. Nat. Bk.&Tr. [1936]	18	4.00	89½	4.5
Cornell Paperboard Products Wall & paperboard & containers [1940]	14	1.00	14¼	7.0
County Trust (White Plains) [*1925]	29	†1.98	74½	2.7
Creamery Package Mfg. Creamery, dairy, ref. mchy. [1888]	66	1.20	21½	5.6
Crocker First Natl. (S. F.) [1926]	28	†3.15	‡80	3.9
Crompton & Knowles Loom Wide variety of looms [1939]	15	0.50	11⅞	4.2
Crown Life Insurance Co. Life, accident and sickness; also annuities [*1926]	28	20.00	760	2.6
Cutter Laboratories Biologicals and pharmaceuticals [1926]	28	0.40	‡11	3.6
Dahlstrom Metallic Door Co. Doors, mouldings, cabinets [1942]	12	0.85	9¼	9.2
Dallas Railway Terminal Local transit facilities [1942]	12	1.40	12	11.7
Dan River Mills, Inc. Textile manufacturing & finishing [1944]	10	1.00	11¼	8.9
Dayton Malleable Iron Co. Iron and steel castings [1939]	15	2.00	19½	10.3
Delaware Railroad Co. Leased & operated by P.R.R. [1899]	55	2.00	44	4.5
Delta Electric Co. Auto and bicycle lamps & horns [1937]	17	1.05	14¼	7.4
Dentist's Supply (N. Y.) Artificial teeth and other dental supplies [*1926]	28	1.00	14½	6.9
Denver Natl. Bank (Denver) [*1924]	30	1.20	32	3.8
Derby Gas & Electric Connecticut oper. utility [1942]	12	1.40	23¼	6.0
Detroit & Canada Tunnel Owns and operates international tunnel [1941]	13	1.60	35½	4.5
Detroit Harvester Auto parts & farm equip. [1935]	19	1.20	13⅝	8.8
Detroit International Bridge Operates bridge to Windsor [1944]	10	1.50	35½	4.2
Dewey & Almy Chemical Sealing compounds, adhesives [1935]	19	0.80	18¾	4.3
Dictaphone Corp. Sound recording and reproducing equipment [1926]	28	4.00	57	7.0
Discount Corp. of New York Discounts acceptances [*1932]	22	12.00	127½	9.4
Dixie-Home Stores Grocery chain [1937]	17	1.00	23	4.3
Dixon (Joseph) Crucible Co. Crucibles, graphite, paint [1939]	15	2.00	45½	4.4
Dodge Mfg. Co. Miscellaneous products for power transmission [1940]	14	1.00	‡11	9.1
Doeskin Products, Inc. Tissues [1937]	17	1.00	13	7.7
Dominguez Oil Fields Los Angeles interests [1926]	28	3.00	‡36½	8.2
Douglas & Lomason Co. Auto moldings, stampings, hardware [1936]	18	1.00	10	10.0
Drackett Co. Soybean products, "Drano," "Windex" [*1933]	21	0.40	5½	7.3
Dravo Corp. Heavy engineering projects, marine equipment [1939]	15	2.40	36¼	6.6
Drexel Furniture Co. Quality furniture [*1937]	17	0.80	15¼	5.2
Duff-Norton Industrial jacks and lifting equip. [1890]	64	3.00	30	10.0
Dun & Bradstreet Credit and marketing reporting [1935]	19	2.00	31	6.5
Durez Plastics & Chemical Phenolic plastics and related chemicals [1939]	15	1.00	24¾	4.0
Duriron Co. Corrosion resistant equip. [1940]	14	0.70	9¼	7.6
Eason Oil Co. Petroleum production [1942]	12	0.50	‡10½	4.8
Eastern Racing Assn. Suffolk Downs [1941]	13	0.225	3⅝	6.2
Eastern Utilities Assn. Holding company, New England interests [1928]	26	2.00	31½	6.3
Edison Sault Electric Co. Operating public utility [1936]	18	0.50	9	5.6
Edison (Thomas A.), Class B Batteries, dictating machines, aircraft and industrial instruments [1924]	30	†1.08	20	5.4
El Paso Electric Co. Texas operating utility [*1928]	26	1.30	28½	4.6
Ely & Walker Dry Goods Manufactures and wholesales dry goods [1934]	20	1.25	22	5.7
Emerson Drug of Baltimore Bromo-Seltzer [1892]	62	1.00	13¼	7.5
Empire Southern Gas Co. Natural gas public utility [1943]	11	1.60	34	4.7
Empire Trust (N. Y.) [1906]	48	†2.93	126	2.3
Employers' Group Associates Mass. Voluntary Trust [1934]	20	1.95	51¾	3.8
Employers Reinsurance Corp. Diversified insurance [1914]	40	1.60	52	3.1
Erie & Kalamazoo RR. Leased by New York Central [1913]	41	3.25	53	6.1
Exolon Co. Abrasives & refractories [*1936]	18	1.00	12½	8.0
Fafnir Bearings Bearings & related equip. [1916]	38	2.25	39	5.8
Fairmont Foods Dairy prods., frozen foods [1904]	50	0.60	16¼	3.7
Fanner Mfg. Manufactures chaplets and chills for foundries [1913]	41	†0.73	10⅜	7.0
Fanny Farmer Chain store operation [1928]	26	1.50	22	6.8
Farmers & Merchants (L.A.) [*1924]	30	12.00	‡348	3.4
Farrell-Birmingham Castings, gears, etc. [*1936]	18	2.50	25½	9.8
Faultless Rubber Misc. rubber goods, sponges [1925]	29	1.15	‡18	6.4
Federal Bake Shops, Inc. Retail baking chain [1936]	18	0.65	5¾	11.3
Federal Compress & Ware. Cotton compress and warehousing [1926]	28	2.00	39	5.1
Federal Insurance Co. Marine and other types [1902]	52	†0.65	31	2.1
Federal Screw Works Screws and machines [1941]	13	1.50	19	7.9
Ferry Cap & Set Screw Co. Screws and bolts [1940]	14	1.00	9½	10.5
Fidelity-Philadelphia Trust [1926]	28	3.10	67¾	4.6
Fidelity Union Tr. (Newark) [*1921]	33	2.40	53½	4.5
Fifth-Third Un. Tr. (Cinn.) [1937]	17	2.00	50½	4.0
Fireman's Fund Insur. Co. Western fire underwriter [1908]	46	1.60	66¼	2.4
Firemen's Ins. Co. (Newark) Diversified insurance [1937]	17	w0.95	28⅝	w3.5
First Amer. Nat. Bk.(Nashv.) [1938]	16	1.40	26½	5.3
First Bank Stock Corp. Holds bank stocks in Minneapolis Federal Reserve District [1950]	24	†1.18	26½	4.5

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation. Dec. 31 figure not available.
w While the actual dividends paid in 1953 amounted to 95c a share, in October 1953 the dividend was increased to be at the rate of $1.00 per year and the yield of $3.50 shown is based on the $1.00 dividend rate.

THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
FIRST BOSTON CORP. Investment banking [1939]	15	4.00	34¾	11.5
● See page 27 for advertisement of this company.				
First & Merchants (Richmd.) [1929]	25	3.25	67½	4.8
First Natl. Bank (Akron) [1939]	15	1.00	‡22½	4.4
First Natl. Bank (Atlanta) [*1929]	25	1.60	32½	4.9
First Natl. Bank (Balt.) [1928]	26	2.50	50	5.0
First Natl. Bank (Birming.) [1943]	11	3.00	‡77	3.9
First Natl. Bank of Boston [1864]	60	†2.69	51½	5.2
First Natl. Bank (Chicago) [1936]	18	8.00	268	3.0
First Natl. Bank (Cinn.) [1925]	29	1.00	35¾	2.8
First Natl. Bank (Dallas) [*1930]	24	1.30	27½	4.7
First Natl. Bank (Denver) [*1925]	29	12.00	‡350	3.4
First Natl. Bank (Houston) [1933]	21	2.00	43	4.7
First Natl. Bank (K. C.) [*1923]	31	3.00	‡106	2.8
First Natl. Bank (Memphis) [1895]	59	2.40	64	3.7
FIRST NATL. BANK (N. Y.) [1865]	89	22.00	392	5.6
● See page 22 for advertisement of this bank.				
First Natl. Bank (Phila.) [1925]	29	1.60	37¼	4.3
First Natl. Bank of Portland [1871]	83	1.60	47¾	3.4
First Natl. Bank (St. Louis) [*1919]	35	2.60	56¾	4.6
First Natl. Bk. Tr. (Okla. City) [1927]	27	1.00	‡33½	3.0
First Natl. Bank Tr. (Tulsa) [1939]	15	1.20	27½	4.4
Fitchburg Gas & Elec. Light Serves Mass. communities [*1887]	67	3.00	49¼	6.1
Fluor Corp., Ltd. Plants for oil, gas and chemical industries [1943]	11	1.20	17¾	6.8
Foote Bros. Gear & Mach. Gears & transmiss. equip. [1941]	13	1.15	13⅞	8.3
Foote-Burt Co. Drilling, reaming, tapping machines [1929]	25	1.50	18½	8.1
Foremost Dairies Dairy products and frozen foods [1943]	11	1.10	26⅞	4.1
Fort Pitt Bridge Works Structural steel fabrication [1942]	12	2.00	29½	6.8
Ft. Worth National Bank [x1884]	x70	r1.00	‡24	4.2
Franco Wyoming Oil Co. Holding company. Also finances oil developments [*1938]	16	2.20	42¼	5.2
Franklin Life Insurance Co. Participating & non-participating life [1942]	12	†0.35	44¾	0.8

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation. Dec. 31 figure not available.
r While the actual dividends paid in 1953 amounted to $1.50, $1.00 was paid prior to a two for one split, and 50c was paid following the split. The yield shown is thus based on the adjusted figure of $1.00 arrived at by conventional methods.
x While no dividend was paid on the stock of this bank in 1933, one was declared but payable January 10, 1934 in view of the dividend tax in effect in 1933, which expired on December 31 of that year.

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Recession and American Business

By HON. JACOB K. JAVITS*
U. S. Congressman from New York

Contending prompt government action to cope with a recession is vital, Congressman Javits calls for an immediate Administration program. Urges expansion of exports, and praises Administration's tax proposals.

Prompt government action to cope with a recession in economic conditions is essential. We are not in an emergency but we are seeing a serious economic slump. American business is said to support this Administration and that should be a factor of great strength, not a term of political approbrium. Business has a job to do in joining the Administration to bring about an economic upturn and in getting Congress to act affirmatively on the Administration's legislative program.

Hon. Jacob K. Javits

The unemployment figure, currently at 3,671,000, approximately 1,000,000 less than the post-World War II high mark of 4,684,000 unemployed four years ago just before the Korean war, is nevertheless a disturbing and dangerous figure. This Administration certainly does not want to wait for a war to pull us out of an economic downturn. The Administration's confidence that we shall not get into an economic emergency is based upon the conviction that the private economy with government leadership can avoid it. There should be, however, no complacency and no refusal to look hard facts in the face or to talk away unemployment figures and other signs of recession either. The Administration has stabilized the cost of living and made credit easier but recognizes that is not all there is to heading off an economic downturn. What is needed is, first, urgent and immediate action on the Administration's whole legislative program by the Congress, and second, the addition of a few items not yet part of that program but in line with its spirit.

*A talk by Congressman Javits before the National Paper Trade Association, New York City, March 30, 1954.

Expanding Social Security

The Administration's legislative program calls for buttressing the concrete base of the security of working people through expansion of the social security system to include 10,000,000 additional Americans and increase of benefits under it; expansion of the unemployment insurance system to cover all employees and the increase of benefits; a national health and hospital program to relieve the people of the fear of serious illness; an expanded national housing program to build 1,500,000 new homes annually or better; also, a material expansion of Federal aid to highway construction; a shelf of public works for emergencies; Federal aid to school construction and a new farm program giving consideration to consumers. It includes one of the greatest reversals to any tendency to economic recession in a liberalization of the foreign trade and foreign investment policies of the United States. This could be the single greatest contribution which can be made to halting recession or fear of recession, turning us in the direction of full employment and greater prosperity and helping world peace. The implementation by the Congress of the Randall Commission Report is therefore one of the most important aspects of the Administration's anti-recession program.

Additions to the Administration's program which business should ask for include an increase in the minimum wage of $1.00 or more per hour. Also, business should join with organized labor in a new addition to the escalator clauses to share the benefits of a concentrated effort to double the normal rate of annual increase in productivity and to institute the annual wage wherever possible.

Commercial exports and imports are running at the rate of approximately $23,000,000,000 per year with an indicated excess of commercial over general imports of over $1,500,000,000. This is the minimum trade gap which needs to be righted. In addition, foreign private, and if need be public, dollar investment needs to be stepped up to $5 billion a year—well over double today's rate. It is very important to emphasize that there are at least three to four million Americans who have jobs because of exports in such industries as automobiles, business machines and machinery manufacture, and that the estimates as to the number of Americans who would be affected by an increase of imports in such industries as glass, ceramics, shoes and chemicals would be three or four hundred thousand. Certainly we have a responsibility in government and business to aid these workers in reconverting to new job opportunities but this is certainly to be preferred to blocking the development of the whole free world's economy by maintaining a protectionist attitude in this country.

An Increase of Exports Needed

The most effective way to deal with surplus production capacity in the interests of domestic employment is to export. Our exports have reached the saturation point unless we import more. Especially in agriculture, one of the keystones of the economy, exports have dropped sharply and even the 90% high fixed farm price parity supports have not helped farm income as a result. The overall decline in agricultural exports in only one year has been 17%, from $3,400,000,000 in 1952 to $2,800,000,000 in 1953, and farm income has dropped close to 13% in the same period. Yet one of our prime exports ought to be food to countries in transition to partial industrialization from practically sole dependence on agriculture provided they would have the money or credit with which to buy and with

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Recession and American Business

which to develop their resources and diversify their economies.

The fact that Republicans are capable of putting through the President's program was evidenced on the bill extending the corporation income tax rate at 52% and modernizing the internal revenue laws which passed the House of Representatives March 19. In that case, what the Democrats thought to be a catchy vote-buying political gimmick to increase personal income tax exemptions and nearly double the already anticipated deficit of $2,-800,000,000 for the current fiscal year, even under the President's budget and tax receipts estimates, was voted down. It was on the ground that it was legislation which would set off a new inflationary spiral being therefore very harmful to working people, while not creating appreciable additional purchasing power massive enough to deal with any threatened recession but jeopardizing seriously the capability of the Administration to put forward measures adequate in size to deal with a threatened recession. Of course, this tax revision bill was one part of the Administration's program which appealed to many of those not otherwise supporting other important elements of the President's program but it showed what could be done when the President was determined in his leadership and the party, indeed with the support of practically all the leading newspapers of the country, was behind him. This does not mean slavish adherence to party regularity but it does mean party responsibility to serve the country in an effective way by implementing a comprehensive Administration program.

G. Van Meter, Inc., Formed

Galen Van Meter has formed Galen Van Meter, Inc., with offices in the Chrysler Building, New York City, to engage in a securities business.

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THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Franklin Process Co. — Yarn dyeing [*1924]	30	2.00	24	8.3
Fresnillo Co. — Mines and treats various metals [1933]	21	a0.25	4⅛	6.1
Frick Co. — Ref. equip. & farm mach. [1902]	52	2.25	43½	5.2
Fuller Mfg. Co. — Truck parts [1939]	15	1.35	14⅛	9.6
Fullerton Oil Co. — Crude oil, natural gas, gasoline [*1936]	18	1.00	31	3.2
Fulton Bag & Cotton Mills — Bags and tents [1933]	21	0.65	14¼	4.6
Galveston-Houston Co. — Holding co. Bus industry [1939]	15	1.00	9½	10.5
Garlock Packing Co. — Mechanical packings, gaskets, asbestos brushes [1905]	49	1.00	20¼	4.9
General Controls — Automatic controls for pressure and temperature [*1944]	10	0.80	14⅞	5.4
General Crude Oil Co. — Southern producer [1938]	16	†0.09	40½	0.2
General Industries Co. — Plastics: Also makes small elec. motors [1940]	14	1.50	17¼	8.7
GENERAL REINSURANCE CORP. — All casualty and bonding lines [1934] ● See company's advertisement on this page.	20	1.60	40½	4.0
Georgia Railroad & Bkg. Co. — Holding co. Rail interests [1888]	66	7.00	‡202	3.4
Gerber Products Co. — Baby foods [1941]	13	†1.05	31½	3.3
Giddings & Lewis Mach. Tool — Boring, milling and drilling machines [1937]	17	2.00	21⅛	9.5
Gisholt Machine Co. — Turret lathes and tools [1935]	19	†0.89	18½	4.8
Glens Falls Insurance Co. — Fire underwriter [1866]	88	2.00	63	3.2
Globe Steel Tubes Co. — Seamless welded tubes [1939]	15	‡1.43	25½	5.6
Goderick Elev. & Transit Co. — Grain elevator business [1904]	50	1.50	22½	6.7

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation. Dec. 31 figure not available.
a Net, after 10% Mexican dividend tax.

THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Good Humor Corp. Well-known ice cream retailer [1934]	20	†0.22	6	3.7
Graflex, Inc. Cameras [*1943]	11	0.50	9	5.6
Graniteville Co. Cotton fabrics [1941]	13	2.00	28	7.1
Great Amer. Ins. Co. (N. Y.) Diversified insurance [1873]	81	1.50	33⅜	4.5
Green (Daniel) Co. House slippers [*1937]	17	3.20	61	5.2
Green Giant Co., Class B Vegetable canning & distribution [*1924]	30	0.90	‡17¾	5.1
Grinnel Corp. Sprinklers & plumbg. eqp. [1935]	19	3.00	70½	4.3
Gruen Watch Co. Watches [1941]	13	1.20	14⅝	8.2
Guaranty Trust (N. Y.) [1892]	62	†3.45	67¼	5.1
Gustin-Bacon Mfg. Co. Glass fibre insulation products [1938]	16	0.30	13⅞	2.2
Hajoca Corp. Building supplies [1942]	12	2.00	28½	7.0
Halle Bros. Ohio merchandise distrib. [1915]	39	1.00	17¼	5.8
Haloid Co. Photo papers, printing processes [1928]	26	1.40	32½	4.3
Hamilton Mfg. Wood and steel products [1939]	15	0.80	10⅜	7.7
Hanna (M. A.), Class B Coal, iron, steel [1934]	20	2.00	60	3.3
Hanover Bank (N. Y.) [1852]	102	4.00	103¼	3.9
Hanover Fire Insurance Diversified insurance [1853]	101	1.80	39¾	4.5
Hanson Van Winkle Electroplating and polishing equipment [*1943]	11	†0.52	7¾	6.7
Harris Seybold Printing machinery [1941]	13	2.00	35½	5.6
Harris Tr. & Svgs. Bk. (Chic.) [1908]	46	11.50	395	2.9
Harrisburg Steel Corp. Printing machinery [1939]	15	†0.975	20¼	4.8

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation. Dec. 31 figure not available.

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The 1954 Outlook for The Oil Industry

dynamic nature of the resource problem. The subject of depletion was handled by Roland Rodman of this city, in a superb manner.

"Due to the industry representatives at the Conference and to the outstanding leadership of Lewis Douglas, the program wound up as being on record in favor of the free-enterprise system and supports the view that resources are dynamic in nature and need no controls. The information is that the Ford Foundation is providing additional grants which will probably keep the thing going for some time. If the work is continued in any manner, it is going to call for extreme vigilance to keep the conclusions along these same lines."

I have gone into some detail on this in order to impress upon you the fact that it takes the time and effort of many people to keep this industry of ours in a safe position.

In a Buyers' Market

At the outset I pointed out that we had passed from a sellers' to a buyers' market. This is, however, a fairly recent occurrence and the situation now seems to be somewhat stronger. You will all recall that the immediate postwar supply situation was one of relative scarcity. The industry had not recovered from the effects of the war and was producing about all the crude oil it could, and refining it, in order to satisfy the long pent-up civilian demand for our products.

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The 1954 Outlook for The Oil Industry

Being the dynamic industry that we are, this situation was improved to such an extent that the year 1948 actually was one of oversupply. Crude oil inventories increased considerably, and product stocks greatly, during that year. Of course, no industry can hope to overproduce its market consistently without the necessity of correction. Thus, 1949 was turned into a year of making up for past excesses and the doctor's prescription was not very easy to take.

Things were in an improved state during most of 1950, but by year-end the industry was again moving along at a pretty good clip. Even so, conditions at the close of the 1950-1951 winter were in better shape than they have been since. You have doubtless heard the expression, as I have, that the industry strikes of mid-1952 bailed us out of what appeared to be becoming a bad situation. I have wondered many times whether or not "bailed us out" was a correct analysis. As a matter of fact, it is possible that the seeming "strength" which was said to have been injected into the situation because of the attendant shut-downs, resulted in a sort of trap into which the industry fell without full realization of what was occurring. It is true that by reason of the strikes, both refined products, particularly gasoline, and crude-oil inventories were considerably reduced. This did necessitate increased activity all along the line and the industry was presented with two very definite operating problems which had to be solved at the same time. These were how to supply the on-coming 1952 season of high gasoline demand with the low levels of gasoline storage then in existence, while at the same time increasing the summer build-up of the middle distillate burning oils in preparation for the 1952-1953 winter.

As has been our record in the past, all units and divisions of the industry rose to the occasion and did the job. Of course we were at that time blessed with a considerable MER above market demand and a large amount of refining capacity that only needed the necessary crude raw material for its operation. The problems referred to were, therefore, readily solved but not without building up a tremendous momentum of crude oil production and refinery activity that was difficult to slow down. It is, of course, a lot easier to open the valve on a producing well than it is to close it. It is also a lot more difficult, when a refinery has achieved maximum throughput and therefore the most efficient level, to slow that operation down than it is to continue it. Even so, crude oil inventories kept climbing steadily; in fact, climbed almost continuously. And imports continued to climb also.

The immediate postwar threat of scarcity had alarmed the government and a number of substantial units in the industry. Long-term contracts covering supplies of foreign crude were entered into, tanker fleets were hurried from the drafting boards to actual construction, and here also a momentum was set up in that phase of operation that has been very difficult to arrest.

Threats of Overproduction

It should be stated here, I think, that some of the closer students of the industry, even as early as the fall of 1952, felt that levels of crude oil production and refinery operation were getting out of hand. That feeling did not, however, appear to be generally accepted, but there were clearer indications in the late spring of 1953 that market demand was being oversupplied and that above-ground economic waste might be present. The basic correctness of the statement that no industry can oversupply its market consistently without correction seemed again to have been realized. However, that apparent acceptance was not long retained; output was again increased but the situation soon indicated that such action was in error.

As a result, it became more evident than before that excessive supply had overtaken us, and in order to prevent above-ground waste a sharper curtailment of crude production was necessary. During all of this time we were drilling more wells and building more refining capacity. Our MER was going higher and higher and our technicians were no doubt anxious to find out whether the efficiencies that they had built into our new refineries would actually be accomplished in day-to-day operation.

We were under pressure from several angles. As we said earlier, it is very much more difficult to close a valve on a producing well than it is to open it; and it proved to be no less difficult to slow down a refinery. In addition, imports were continuing to move along at a fairly high rate. Full completion of shipbuilding contracts was achieved in many cases, and partial completion in others. As a result, tankers were also in oversupply and charter rates fell, making supplies from more distant points still more easily available. The momentum to import seemed to become greater and greater; but acting individually, the companies appear to have stabilized receipts at slightly above one million, one hundred thousand barrels per day; generally 650 thousand barrels of crude with the remainder in refined products, very largely residual fuel oil.

Many in the industry felt last fall that while the supply situation was way ahead of demand, normal winter weather would apply a corrective. That this was good thinking is reflected by the fact that since the arrival of more seasonable temperatures shortly after the first of the year, total U. S. inventories of middle dis-

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THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Harshaw Chemical — Industrial chemicals [1932]	22	2.00	32¼	6.2
Hart-Carter — Grain handling equipment [1938]	14	0.50	5	10.0
Hart & Cooley (Conn.) — Holding Co.; mfg. stocks [*1919]	35	2.80	44	6.4
Hartford-Conn. Trust Co. — [1869]	76	3.625	84½	4.3
Hartford Fire Insurance — Diversified insurance [1873]	81	3.00	175	1.7
Hartford Natl. Bank & Trust — [1927]	27	1.20	32	3.8
Hartford Steam Boiler Insp. — Boiler and machinery insurance [1871]	83	1.80	48	3.8
Hathaway Mfg. Co. — Nylon & rayon products [1933]	21	6.00	‡50	12.0
Haverhill Electric Co. — Operates in New England [*1905]	49	2.80	43	6.5
Haverhill Gas Light Co. — Operating public utility [1915]	39	2.15	‡35¾	6.0
Hershey Creamery — Produces dairy products in Pennsylvania [1932]	22	2.50	38	6.6
Heywood-Wakefield Co. — Maker of furniture [1943]	11	3.25	35¼	9.2
Hibernia Natl. Bank (N. O.) — [1935]	19	1.50	46½	3.2
Hollingsworth & Whitney — Specialty papers & pulps [1882]	72	2.50	32¾	7.6
Holyoke Water Power — Operating public utility in Mass. [1871]	83	1.00	17¼	5.8
Home Insurance Co. — Diversified insurance [1874]	80	b2.40	39⅝	6.1
Hoover Co. — Vacuum cleaners [1943]	11	1.60	15½	10.3
Hotels Statler Co. — Well-known chain [1939]	15	†0.95	24¾	3.8
Houston Natural Gas Corp. — Southern Texas utility [1936]	18	1.10	22¼	4.9
Houston Oil Field Material — Drilling & pumping machinery & tools [1943]	11	0.50	4⅛	12.1
Huntington Natl. (Columbus) — [1912]	42	1.60	40¼	4.0
Huston (Tom) Peanut Co. — Peanut candy and butter [1938]	16	1.25	24	5.2
I-T-E Circuit Breaker Co. — Electrical equipment and subassemblies for jet engines and radar [1940]	14	†1.15	28	4.1
Ideal Cement Co. — Leader in the industry [1912]	42	2.50	47	5.3
Imperial Paper & Color Co. — Wallpaper & pigment colors [1934]	20	1.00	17½	5.7
Indiana Natl. Bk. (Ind'polis) — [1865]	89	12.75	‡340	3.8
Indianapolis Water Co., Cl. A — Operating public utility [1941]	13	0.80	19½	4.1
Industrial Mortgage & Trust — Savings, trust & mortgage business [*1920]	34	3.50	70	5.0
Industrial Trust Co. (Prov.) — [*1925]	29	2.40	‡73	3.3
Internat'l Cellucotton Prods. — "Kleenex," and related products [1934]	20	1.50	32⅛	4.7
International Holdings, Ltd. — Investment trust—hydro-electric interests [1939]	15	1.10	13½	8.1
Interstate Co. — Restaurant chain [1944]	10	0.30	4⅝	6.5
Interstate Natural Gas Co. — Baton Rouge industrial supplier [1936]	18	1.25	‡45½	2.7

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation, Dec. 31 figure not available.
b Company reports intention of paying $2.00 per year. Larger dividend in 1953 caused by switchover from semi-annual to quarterly basis.

THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Iowa Public Service Co. — Electricity supplier [1939]	15	1.40	24	5.8
Irving Trust Co. (N. Y.) [1907]	47	s0.75	24½	s4.9
Jamaica Water Supply Co. — Long Island water supplier [1918]	36	1.80	31¼	5.8
Jantzen Knitting Mills, Inc. — Popular sports wear [1940]	14	†0.73	18¼	4.0
Jefferson Electric Co. — Transformers, fuses, electric clocks [1934]	20	0.60	6⅛	9.8
Jefferson Standard Life Ins. — Life insurance [1913]	41	1.00	76½	1.3
Jersey Insur. Co. of N. Y. — Diversified insurance [1933]	21	1.50	36½	4.1
Jervis Corp. — Refrigerator & stove hardware [1939]	15	1.00	8½	11.8
Johansen Bros. Shoe Co. — Shoes for women [1940]	14	0.15	3	5.0
Johnson Service Co. — Temperature and air conditioning controls [*1935]	19	4.00	62	6.5
Jones & Lamson Machine Co. — Lathes, grinders, comparators [1940]	14	2.00	40	5.0
Joseph & Feiss Co. — Mfrs. men's clothing [1939]	15	1.00	‡10⅝	9.4
Joslyn Mfg. Supply Co. — Pole line equipment for power cos. [1936]	18	2.00	31½	6.3
Julius Garfinckle & Co. — Dept. store in Washington, D.C. [1939]	15	1.50	18½	8.1
Kalamazoo Veg. Parchm't Co. — Paper products for food industry [1926]	28	†0.91	17¾	5.1
Kansas City Life Ins. Co. — Non-participating life [*1924]	30	4.00	660	0.6
Kansas Gas & Electric Co. — Operating public utility [1922]	32	2.00	39	5.1
Kansas-Neb. Natural Gas Co. — Gas distributor [1937]	17	1.12	24⅝	4.5
Kearney & Trecker Corp. — Milling machines [1942]	12	1.00	10½	9.5
Kellogg Co. (Battle Creek) — Leader in dry cereals [1923]	31	1.25	25⅛	5.0
Kendall Co. — Surgical dressings, com. textiles [1939]	15	†1.90	36½	5.2
Kendall Refining Co. — Pennsylvania grade oils [1881]	73	1.60	22	7.3
Kennametal, Inc. — Manufactures cemented carbide cutting tools & specialties [1943]	11	1.00	27	3.7

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation. Dec. 31 figure not available.
s While the actual dividends paid in 1953 amounted to 75c a share with an added declaration of 40c not payable until January 2, 1954, in November 1953 the regular quarterly dividend was increased to 30c to make the annual rate henceforth $1.20 per share, and the yield of 4.9% is based on the $1.20 annual dividend rate.

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The 1954 Outlook for the Oil Industry

tillates were reduced 54 million barrels during the eight weeks ended Feb. 27, until, in the area east of California, distillate fuel oils and kerosene inventories were then lower than a year ago. Residual fuel oil stocks are also lower, but that product has not been in inventory or supply stress for some time.

Another improvement was found in apparent realization by refiners, during the part of the winter, that lower crude runs to stills were a necessity. These lowered runs made their contribution to the indicated lowered inventories of the products referred to and also slowed up the rate of additions to gasoline stocks. Yet over-all we remain, and particularly with respect to that product, in a buyers' instead of a sellers' market as heretofore.

Situations such as the one just described and the forces that generate therefrom do not happen overnight. They come about over a period of time. Sometimes they are discernible real early and sometimes they build up more slowly. At any rate, anyone interested in studying developing trends has available to him all of the means necessary for his complete understanding. The petroleum industry is fortunate in having from both the Bureau of Mines and the Institute, and other sources, complete up-to-date sta-

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Puerto Rico Water Resources Authority Reports Income Gain

Sales of electric energy by the Puerto Rico Water Resources Authority in January, 1954, totaled $1,635,390 compared with $1,461,156 in January of 1953, according to Carl A. Bock, Executive Director of the Authority. Sales of electric energy for the seven months' period ended Jan. 31, 1954, amounted to $10,581,794 compared with $9,412,590 in the corresponding period a year earlier. Seven rural electrification projects were completed during the month.

The Government Development Bank for Puerto Rico is fiscal agent for the Water Resources Authority.

Now With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Jared C. Aiken is now connected with Paine, Webber, Jackson & Curtis, 626 South Spring Street. Mr. Aiken was previously with Harris, Upham & Co. and Dempsey-Tegeler & Co.

Two With Calif. Investors

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Robert L. Austin and P. G. Papiro have joined the staff of California Investors, 3924 Wilshire Boulevard. Mr. Papiro was previously with Dean Witter & Co.

With Real Property Inv.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Cal.—Sidney S. Young has been added to the staff of Real Property Investments, Inc., 233 South Beverly Drive.

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THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Kentucky Utilities Co. — Electricity supplier [1939]	15	1.00	19⅜	5.2
Kerite Co. — Insulated wires & cables [1933]	21	2.75	35	7.9
Kerr-McGee Oil Industries — Oil developing & refining [1941]	13	0.60	39	1.5
Kings County Trust (N. Y.) [1925]	29	80.00	1630	4.9
Kinney Coastal Oil — Crude oil producer [1942]	12	0.10	2¼	4.4
Knudsen Creamery — Wholesale dairy products, Southern California [1940]	14	0.40	‡10¾	3.7
Koehring Co. — Earth moving and construction equipment [1941]	13	2.20	26½	8.3
Kuppenheimer Co. — Makes & wholesales men's clothing [1941]	13	1.00	‡18½	5.4
Laclede Steel Co. — Southern Illinois producer of miscellaneous steel products [1912]	42	3.20	55	5.8
Lake Superior Dist. Pwr. Co. — Northern Wisc. supplier [1937]	17	2.00	31¾	6.3
Landers, Frary & Clark — Household electrical products, etc. [1887]	67	2.00	25	8.0
Landis Machine (Pa.) — Makes thread cutting and tapping machines [1937]	17	1.00	51	2.0
Lanett Bleachery — Dyes & prints cotton goods [1930]	24	3.00	50	6.0
Latrobe Steel — High speed, tool & die, stainless steels [1940]	14	†1.96	31	6.3
Lawrence Electric Co. — Operating public utility [1850]	104	c†1.73	30	5.8
Lee (H. D.) Co. — Work and utility clothing [1933]	21	3.50	56½	6.2
Leece-Neville Co. — Starting-light equipment for autos and aircraft [1923]	31	0.50	8¼	6.1
Leonard Refineries — Michigan oil refinery [1939]	15	0.35	6	5.8
Liberty Loan Corp., Class A — Small loan co., Midwest [1935]	19	1.50	18½	8.1
Life & Casualty Ins. of Tenn. — Life, accident & health [1936]	18	†0.48	21¼	2.3
Lincoln Natl. Life Ins. Co. — Life insurance [1920]	34	1.50	195	0.8
Lincoln Rochester Trust Co. (Rochester) [1936]	18	†1.95	‡56	3.5
Lincoln Stores, Inc. — Dept. store chain in New England [1930]	24	0.80	15	5.3
Lion Match Co. — Paper matches [1938]	16	1.15	‡18½	6.2
Loblaw, Inc. — Self-service grocery stores, N. Y. State [1939]	15	1.25	35½	3.5
Lock-Joint Pipe Co. — Water and sewer pipe [1936]	18	40.00	680	5.9
Loft Candy Co. — Leader in the candy field [1943]	11	0.20	2⅞	7.0
Long-Bell Lumber Co. — Large producer of lumber [1944]	10	1.10	16⅛	6.8

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation. Dec. 31 figure not available.
c In May, 1953, one and one half shares of new $10 par common, and one share of Lawrence Gas Co. stock given for each share of old $25 par common held.

THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Longhorn Portland Cement Texas producer [1937]	17	1.65	24	6.9
Los Angeles Investment Co. Oil and realty interests in Los Angeles [1943]	11	20.00	‡420	4.8
Louisiana Bank & Tr. (N.O.) [*1941]	13	1.60	45	3.6
Lowell Bleachery Bleaches and dyes cotton goods [1932]	22	1.50	18	8.3
Lowell Electric Light Co. Operating public utility in Mass. [*1925]	29	3.50	54	6.5
Ludlow Mfg. & Sales Jute and burlap [1872]	82	2.45	27	9.1
Lux Clock Mfg. Co. Alarm & novelty clocks [1924]	30	†1.24	‡21	5.9
Lynn Gas & Electric Co. Operating public utility in Mass. [1908]	46	1.60	28⅛	5.7
Lyon Metal Products, Inc. Steel shelving and store fixtures [1937]	17	1.00	15½	6.5
MACMILLAN CO. Well-known book publisher [1898] ● See page 25 for advertisement of this company.	56	1.50	23¾	6.3
Macwhyte Co. Wire rope; cables [1944]	10	1.125	14⅝	7.7
Madison Gas & Electric Co. Wisconsin utility [1909]	45	1.60	35½	4.5
Mahon (R. C.) Co. Sheet metal products [1936].	18	†0.95	‡17½	5.4
Mallory (P. R.) & Co. Electric products [1935]	19	1.70	45¾	3.7
Manning, Maxwell & Moore Hoists, cranes, gauges, valves [1936]	18	†1.11	16⅜	6.8
Manufacturers Life Insur. Co. Life insurance [*1909]	45	†1.65	70	2.4
Maritime Tel. & Tel. Co., Ltd. Operates Nova Scotia telephone system [1912]	42	0.80	15½	5.2
Mfrs. Natl. Bank (Detroit) [1937]	17	3.00	64	4.7
Mfrs. & Traders Tr. (Buf.) [*1927]	27	1.45	28½	5.1
MANUFACTURERS TRUST (N. Y.) [1909] ● See page 57 for advertisement of this bank.	45	2.80	64½	4.3

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation. Dec. 31 figure not available.

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Halsey, Stuart Offers Community P. S. Bonds

Halsey, Stuart & Co. Inc. offered yesterday (April 7) $3,000,000 Community Public Service Co. first mortgage bonds, series D, 3¼%, due March 1, 1984, at 101.93% and accrued interest, to yield 3.15%. Award of the issue was won by the underwriter at competitive sale on Tuesday on a bid of 101.1799%.

Net proceeds from the financing will be used by the company to pay bank loans incurred for construction and improvements to property made in 1953 and now in progess, and to provide funds for construction requirements contemplated this year.

The series D bonds will be subject to redemption at regular redemption prices ranging from 105.18% to par, and at special redemption prices receding from 101.93% to par, plus accrued interest in each case.

Community Public Service Co. is engaged in the electric light and power, gas and water business wholly within the states of Texas and New Mexico. Incidental to its electric and gas business, the company sells appliances, and a small subsidiary is engaged in the manufacture and sale of ice in Texas.

For the year ended Dec. 31, 1953, the company had operating revenues of $9,556,217 and net income of $1,316,984. In the previous year, total operating revenues were $8,372,332 and net income amounted to $1,219,326.

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tistical information from which these studies may be made. As I said the changing picture was noted by some in its very early development. The same information that was available to them was available to all. Perhaps we are too busy or too closely occupied with our other daily pursuits, but it seems to me that those who do not give some time to observing these trends are neglecting an important part of their business affairs.

There Is a Bright Spot in the Petroleum Picture

When I spoke on another occasion in this city a little more than a year ago, I made the statement that the future of oil in the great Southwest was by no means dark. I still think it is a very bright spot in the petroleum picture. We have heard a lot about atomic energy recently, and some of the comments have indicated that this source of power, and even solar furnaces or some other new but now completely unheard-or or unthought-of medium might interfere with the oil-heating portions of our demand. It seems pretty well agreed, by the way, that atomic energy will never replace liquid fuel as the propelling force of our automobiles and trucks. But the English are continuing to state publicly that in the next decade or two all of their energy requirements will be exerted from the atom. Not being a scientist, I do not find myself in a position to argue with this prediction, although I see a considerable number of problems involved not only in such complete practical application, but also in the rapid obsolescence of the capital investments now carried in the form of petroleum-consuming and other equipment, particularly when liquid fuel is available at a reasonable price. This, I do know, however—that our industry has attained leadership in energy fuel supply and, unless I miss my guess by a wide margin, it intends to retain that leadership.

The American Petroleum Institute is releasing for publication today a report of its Committee on Petroleum Reserves. The figures indicate a most successful year of oil and natural-gas finding for the country as a whole. More than four billion barrels of crude oil and natural-gas liquids combined were found in 1953. This constitutes a net increase in reserves of approximately 1,400,000,000 barrels after production of 2,600,000,000. The reserves of natural gas increased country-wide approximately 12 trillion cubic feet. This was after production of more than nine trillion feet, or a total finding of gas during last year of about 21 trillion cubic feet. Not bad, I would say, for a country that some contend is running out of oil and gas.

Now a few words about the Mid-Continent area comprising Kansas, Oklahoma, and the Panhandle of Texas. Exploration and development rose to new high levels in the past year in that 13,146 wells were drilled in 1953 as compared with 10,985 in 1952. Thus this region provided more than 60% of the total increase in drilling throughout the entire United States in 1953 as compared with 1952.

Individually, the State of Oklahoma did nicely. The number of wells drilled in the search for oil and gas in 1953 increased to 7,953 against 5,781 in 1952. This increased rate of drilling resulted in finding 4,544 oil wells as compared with 3,064 brought in in 1952. The report which I have just mentioned will show that during last year the State of Oklahoma developed new oil (crude and natural-gas liquids) to the extent of 441,000,000 barrels which, after production of 227,000,000, indicates a net addition to reserves of 214,000,000 barrels. This ranks among the largest increases in net reserves during 1953 in the important oil states. Oklahoma's total reserves of liquid hydrocarbons at the end of 1953 were 2,056,000,000 barrels.

Need for Expanding Markets

Looking ahead, if we consistently retain in our minds and do something about it, the basic fact that no industry, not even the petroleum industry, can continuously over-supply its market without facing an ultimate period of adjustment, 1954 may well turn

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THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Marchant Calculators, Inc. — Calculating machines [1936]	18	1.30	16⅝	7.8
Marlin-Rockwell Corp. — Ball and roller bearings [1925]	29	1.00	14¾	6.8
Marquette Cement Mfg. Co. — Large mid-west producer [1932]	22	1.65	‡29½	5.6
Marshall & Ilsley Bk. (Milw.) [1938]	16	1.75	‡44	4.0
Maryland Drydock Co. — Naval construc. & repair [*1935]	19	2.00	16½	12.1
McBee Co. — Accounting, stationery, recording equipment [1941]	13	0.60	10¼	5.9
Medford Corp. — Lumber manufacturer [1940]	14	6.00	71	8.5
Mellon Natl. Bank & Trust [*1909]	45	11.00	355	3.1
Mercantile Natl. Bk. (Dallas) [19[illegible]]	19	2.00	‡51	3.9
Mercantile-Safe Deposit and Trust Co. (Baltimore) [1868]	86	¶3.60	80	4.5
Mercantile Trust (St. Louis) [1929]	25	2.40	49½	4.8
Merchants Fire Assur. Corp. [1912]	42	1.70	45¾	3.7
Merchants & Mfrs. Ins. (N.Y.) — Diversified insurance [1936]	18	0.55	10¾	5.1
Merchants Natl. Bk. (Boston) [1832]	122	14.00	330	4.2
Meredith Publishing Co. — Better Homes & Gardens [1940]	14	†1.075	20½	5.2
Messer Oil Corp. — Oil and natural gas [1937]	17	0.75	‡11	6.8
Metal & Thermit Corp. — In detinning field [1911]	43	2.00	31¼	6.4
Meyercord Co. — Decalcomanias [1941]	13	0.475	6½	7.3
Mich. Natl. Bank (Lansing) [1941]	13	1.00	36	2.8
Miles Laboratories, Inc. — Alka Seltzer [1894]	60	0.85	18⅜	4.6
Miller Mfg. Co. — Tools for auto and engine repair [1942]	12	0.30	5	6.0
Miss. Valley Barge Line — Commercial carrier: freight on rivers [1938]	16	0.75	12½	6.0
Missouri-Kansas Pipe Line — Holding Company [1940]	14	2.10	72	2.9
Missouri Utilities — Electricity & natural gas [1942]	12	1.03	19¾	5.2
Monroe Calculating — Calculating and bookkeeping machines [1934]	20	1.75	30	5.8
Montreal City & Dist. Savgs. — General banking business [*1910]	44	1.65	41½	4.0
Monumental Life Ins. (Balt.) — Life insurance [1929]	25	1.40	53	2.6
Monumental Radio Co. — Operates WCAO in Baltimore [1935]	19	1.05	15	7.0
Moore Drop Forging Co. — Drop forgings for several industries [1939]	15	0.80	11⅜	7.0
Moore (Wm. R.) Dry Goods — General merchandiser in Memphis [1922]	32	1.75	37	4.7

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation. Dec. 31 figure not available.
¶ Cash equivalent on new shares issued at time of merger.

THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
MORGAN (J. P.) & CO. INC. [*1941]	13	10.00	267	3.7
● See page 59 for advertisement of this company.				
Mosinee Paper Mills Co. Sulphate pulp & paper [1942]	14	1.00	16½	6.1
Mountain Fuel Supply Co. Natural gas supplier [1935]	19	0.90	20½	4.4
Narragansett Racing Assn. Horse track operator [1936]	18	1.15	11¼	10.2
Nashua Corp. Makes waxed, gummed, coated papers [1926]	28	2.00	36	5.6
National Aluminate Corp. Chemicals for treating water [1928]	26	1.50	32¼	4.7
Natl. Amer. Bk. of New Orl. [*1931]	23	15.00	300	5.0
Natl. Bk. of Comm.(Houston) [1939]	15	1.80	‡80	2.3
Natl. Bk. of Commerce(N.O.) [1935]	19	1.25	39½	3.2
National Bank of Detroit [1935]	19	†1.67	45	3.7
National Bank of Tulsa [1944]	10	1.00	34¼	2.9
National Casket Co. Various undertakers' equipment [1891]	63	1.30	27¼	4.8
National Casualty Co. Accident, health, casualty insur. [1935]	19	1.50	28	5.4
National Chemical Mfg. Co. Paints & related products [1939]	15	0.70	10¼	6.8
Natl. City Bank of Cleveland [1936]	18	1.80	51	3.5
NATIONAL CITY BANK OF N. Y. [1813]	141	†1.98	53¾	3.7
● See page 24 for advertisement of this bank.				
National Commercial Bank & Trust Co. (Albany) [*1924]	30	†2.35	53	4.4
Natl. Fire Ins. Co. of Hartf'd Diversified insurance [1872]	82	2.60	79¼	3.3
National Folding Box Co. Large variety of boxes [*1928]	26	1.25	‡42	3.0
National Food Products Corp. Holding company: chain food stores [1940]	14	†1.90	35	5.4

*Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation. Dec. 31 figure not available.

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out to be one of our better years. In fact, I believe we can look forward with confidence to a high level of exploration and development and stabilization not only as to price but as to markets. I can see nothing ahead for the next two years that would have any adverse effect on the markets for crude oil from this area. One thing in our favor is that markets for the output of crude are where the pipe lines are and certainly this section of the country is well served by a large network of pipe lines.

As to increasing markets, I believe we should bear in mind the impact of expanding operations in the Rocky Mountain area and the Williston Basin. The pipe line coming down through Wyoming, Eastern Colorado, and Nebraska, is picking up close to 100,000 barrels per day of crude oil and moving it to the Chicago area. A pipe line is in prospect from the Williston Basin fields to the city of Mandan, North Dakota, where a 35,000-barrel per day refinery is projected. At St. Paul, Minn., a 25,000-barrel per day plant is under construction and is due for completion in the latter part of 1955. It seems to be the understanding at this time that this plant will operate on Canadian oil with another 10,000 barrels for additional refining facilities in that vicinity. The development of these new producing areas, transportation systems and refineries, as well as the activities across the Canadian border are, of course, matters of concern for producers and refiners in the Mid-Continent area. In this connection, however, we are looking at a steady increase in the demand for petroleum products, and therefore crude oil, over a continuing period. So, while output in other new areas is growing, the net domestic demand will also grow at an estimated amount of from 250,000 to 300,000 barrels per day annually over the next several years, and that is a lot of oil.

I recognize, of course, that unexpected things might happen to mar what I conceive to be a bright picture. Certainly none of us are going to be entirely happy all of the time. Peaks and valleys we shall always have. They are the rewards and disappointments of the free enterprise system. This oil business of ours is doing all right. I do not even concede that some of the cream may have disappeared, but should that be true, the industry is still a darn healthy cow.

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Common Stocks for Trusts and Pension Funds

acceptance and growth in popularity of such stocks as Weyerhaeuser Timber, Aluminum Co. of America, Aluminium Ltd., International Paper, Amerada, Douglas Aircraft and a number of the insurance stocks.

In addition to the favorable action of individual stocks, certain groups have performed exceptionally well. This fact was bound to attract attention, encourage buyers of stocks and induce new buying. Most notable, perhaps, of these groups are the oils and chemicals.

Common stocks have been made relatively more attractive by the decline in interest rates. This is evident by a comparison of certain changes in Moody's yields in the last 20 years.

Average Yields 1935 and 1954

	1935	*1954
AAA Corporate Bonds	3.60%	3.00
High Grade Preferred Stocks	4.50%	4.0
200 Com. Stocks	4.06%	5.50

*(Approx. March)

Thus, while the percentage yields on good bonds and high grade preferreds declined about one-half of one percent on the average, common stock dividend yields average some 1½% higher now than they did in 1935.

The manager of investments is putting greater emphasis on capital appreciation. His efforts in this respect are not confined solely to accounts of individuals. In both trust and pension funds, there is a desire to seek even in moderate degree a balance between appreciation and income. In both cases, the concept of conservator of funds is observed, not by taking refuge in the storm cellar, but by adopting a more aggressive attitude toward investments generally. A more liberal investment policy has evolved by use of a well known military theory that the best defense is a good offense. Growth, then, is sought not for the sake of capital gains as such, but to offset the ravages of inflation on capital that already has been accumulated.

Common stocks generally have good value whether related to earning power, dividend yields, assets or to other securities, particularly bonds. A calculation of asset values or a summary of the amount of reinvested earnings in the postwar years alone would indicate fairly convincingly that there is substantial earning power represented by relatively conservative market valuations. It is interesting to observe, however, that such valuations have not been as strong a motivating factor for the purchase of common stocks as the figures seem to warrant. A notable example is steel stocks.

The liberalization of laws, regulations and policies in more recent years have been powerful stimulating forces directed toward investment in common stocks. In a number of states, the prudent man rule has been adopted, following the lead of others. Most notable of these is New York State whose law permitting the rule of prudence became effective in the middle of 1950. There has also been a spread in use and growth of common trust funds. Following similar trends, trustees of retirement systems and other funds which previously had confined their investments to fixed income obligations modified their policies. The Retirement System of the Federal Reserve Banks, for example, made this change. An initial investment in common stocks amounting to approximately $1,000,000 was made in early 1948. Two years later, this had grown to some $10 million, or about 10% of total assets. The fund now has over $18 million invested in common stocks equal to about 13% of assets.

Added to these important changes was the liberalization of laws to permit purchase of common stocks by life insurance companies in certain states.

Flow of Common Stocks Into Pension Funds

The flow of funds into pension and profit-sharing trusts has been substantial. Pension plans now in operation and the number of people included are as follows:

Year	Plans	No. of People (Mill.)
1930	740	2.4
1954	16,000	12.2

It is estimated that assets now in pension funds amount to some $17 billion. The volume of money flowing each year into these pension trusts is in the order of $2 to $2¼ billion. At the present time, contributions being made into pension plans are considerably greater than payment to beneficiaries. In addition, provisions for past services as well as the high level of corporate profits have resulted in large initial payments into these funds. This has created a vast new buying power, a part of which has, either by necessity or design, been directed toward common stocks.

Of the total 16,000 pension plans now in operation, about one-tenth are managed by banks and trust companies. The great majority are administered by insurance companies. Common stocks are of necessity not of any particular significance in the overall life insurance investment operation. The managers of the other 10% of pension funds, however, put very important emphasis on common stocks. In general, corporations with pension plans desire to have a good stake in common stocks. But there is a wide divergence in

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THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
National Newark & Essex Banking Co. (Newark) [1805]	149	3.00	63	4.8
National Oats Co. — Cereals, animal feeds [1926]	28	†0.79	15	5.3
National Paper Type Co. — Exports printing supplies to Latin America [1937]	17	0.25	20	1.3
National Screw & Mfg. Co. — Screws, bolts and nuts [1890]	64	†1.875	28¼	6.6
Natl. Shawmut Bk. (Boston) [*1897]	57	1.60	38½	4.2
National Shirt Shops of Del. — Chain, men's furnishings [1939]	15	0.90	13	6.9
National State Bk. (Newark) [*1925]	29	18.00	460	3.9
National Terminals Corp. — Midwest storage facilities [1944]	10	1.15	12⅜	9.3
National Union Fire Insur. — Diversified insurance [1934]	20	2.00	41¾	4.8
Nekoosa-Edwards Paper — Pulp and papers [1941]	13	1.60	30¾	5.2
New Amsterdam Casualty — Diversified insurance [1937]	17	1.50	47¼	3.2
New Britain Machine — Machine tools [1936]	18	5.25	52½	10.0
New Brunswick Tel. Co., Ltd — Operates New Brunswick telephone system [*1909]	45	0.60	12¾	4.7

Table II. 5-10 Year Dividend Payers on page 51.

New Hampshire Fire Ins. — Diversified insurance [1870]	84	†1.97	45¼	4.4
New Haven Water Co. — Operating public utility in Conn. [1879]	75	3.00	57¼	5.2
New York Fire Insurance — Diversified insurance [1934]	20	1.20	23¼	5.2
New York Trust Co. [1894]	60	5.50	116½	4.7
New Yorker Magazine — Publishes "The New Yorker" [1929]	25	1.75	‡18½	9.5
Newport Electric Co. — Rhode Island utility [1939]	15	2.10	36	5.8
Niagara Lower Arch Bridge — Joint operator of Whirlpool Rapids Bridge [*1934]	20	1.50	63	2.4
Nicholson File Co. — Makes files and rasps [1872]	82	1.20	24¾	4.8
North & Judd — Wide variety of hardware [1865]	89	2.00	26½	7.5
North River Insurance Co. — Diversified insurance [1839]	115	1.20	28¼	4.2
North Shore Gas Co. — Natural gas supplier in Illinois [1944]	10	3.40	61	5.6
Northern Engineering Works — Cranes and hoists [*1940]	14	0.70	7⅝	9.2
Northern Indiana Pub. Serv. — Gas & electricity supplier [1944]	10	1.56	27⅞	5.6
Northern Insurance (N. Y.) — Diversified insurance [*1910]	44	2.50	61	4.1

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.

THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Northern Oklahoma Gas Co. — Operating public utility [1936]	18	1.00	‡15	6.7
Northern Paper Mills — Specializes in tissue paper [1943]	11	2.80	‡115	2.4
Northern Trust (Chicago) — [*1910]	44	12.00	445	2.7
Northwestern Natl. Ins. Co. — Fire underwriter [1875]	79	2.00	61½	3.3
Northwestern States Portland Cement Co. — Iowa producer [1936]	18	2.00	31½	6.3
Nova Scotia Lt. & Pwr. Co. — Supplies electricity to Nova Scotia [*1930]	24	1.00	21¼	4.7
Noxema Chemical Co. — Distributes "Noxzema" shaving cream & medicated cream [1925]	29	0.45	15	3.0
Ohio Forge Machine Corp. — Gears, speed reducers, etc. [1936]	18	4.00	‡43	9.3
Ohio Leather Co. — Upper leather for shoes [1931]	22	1.00	8	12.5
Ohio Match Co. — Book and box matches [1939]	15	0.50	10¾	4.7
Ohio State Life Insur. Co. — Life, accident & health [*1924]	30	1.00	79	1.3
Ohio Water Service — Retails treated water: wholesales untreated [1936]	18	1.50	23¼	6.5
Old Kent Bank (Gr. Rapids) — [1937]	17	0.90	39½	2.3
Omaha National Bank — [1935]	19	†1.56	‡45	3.5
Oneida, Ltd. — Silverware [1936]	18	1.25	31	4.0
Osborn Manufacturing Co. — Industrial brushes [1940]	14	†0.92	‡13¾	6.7
Oshkosh B'Gosh — Overalls & work shirts [1936]	18	1.75	21½	8.1
Oswego Falls Corp. — "Sealright" containers [1936]	18	0.85	21¼	4.0
Otter Tail Power Co. — Utility: Dakotas & Minn. [1938]	16	1.50	25⅝	5.9

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation. Dec. 31 figure not available.

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policy. In extreme cases, some companies confine their common stock investment in whole or in part to their own stock. In others, purchase of company stock is not permitted. Nor is it permitted by some to purchase stocks of companies in the same industry.

Investment policy is directed to a certain degree toward obtaining a fairly good average yield. The purpose of this is to reduce the cost of pensions to the company. There are indications that pension benefits are likely to be liberalized. It may also be expected that pensioners will live longer. Both of these factors are almost certain to increase the cost of pension obligations of the companies. Hence, the desire to obtain good yields may become greater as time goes on.

Typically, the amount of total assets invested in common stocks ranges from 15% to 35%. A good average would be somewhere in the middle, probably nearer the upper figure.

Composition of Common Stock Portfolios

The composition of common stock portfolios varies a great deal depending on policy. But a good cross section of pension plans would show common stock distribution about as follows:

		Cumul. Total
Public Utility	18%	--
Oil and Gas	15	33
Chemical & Drug	15	48
Non-Ferrous Metals	7	55
Banking & Ins.	5	60
Electrical Equipm't	3	63
Retail Trade	3	66
Building	2	68
Household Products and Food	2	70
Auto	2	72
Paper & Products	2	74
Rubber & Products	2	76
All Other Groups	24	100

The approximate average yield produced by common stocks in a portfolio of pension and profit-sharing trusts may run from about 4¼% to 4¾% where extra emphasis is put on growth. If the stress is more on income, yields might range from 4¾% to about 5½%.

Investment philosophy and policy, as indicated by the action of certain stocks and groups, shows there is a fairly strong emphasis on quality of holdings and on the larger, better known companies. For some, the lack of need for liquidity has attracted them, particularly larger ones, into special situations. The principal inducements seem to be the greater yields generally available and the opportunity to put comparatively large sums to work at one time in one situation. The great variety of selections possible in common stocks has encouraged participation in many fields. There has also been sizable purchasing in block form to overcome the difficulties of small lot buying.

Dollar averaging has, perhaps, been the most dominant policy of pension fund investing. The flow of pension funds is such that dollar averaging is the logical, but not the only, approach to the investment problem. Psychologically, it is appealing to most managers. When stocks are depressed and especially if they are below cost value, there is a certain comfort that men enjoy by saying or thinking that one is a long-term investor and dollar averaging is one of the most useful tools in the kit. If quick market appreciation has been obtained, it is, of course, due to the manager's astuteness in gauging economic trends and his sagacity in making stock selections. And if he has not been too fortunate in this respect, he can always blame it on his investment committee.

A Word of Caution Regarding Stock Investment

The investment manager has been apprehensive about a decline in business, but he has retained his common stock holdings. He has talked bearishly, but acted bullishly. A steady stream of funds and a rising stock market are strong antidotes against theorizing into inaction. Insofar as it affects common stock policy, apprehensions about a depression and the hazards that are exposed by business cycles are offset by the fear of inflation, the desire for yield and the protection of capital. To a certain extent, the influence of these factors is reflected in the individual selections, the varying proportions in different groups and omissions of others. For example, railroads are generally avoided. Steel stocks and heavy equipment stocks have been less eagerly sought despite good earnings and yields. On the other hand, public utility stocks for protection and chemical stocks for growth have been particular favorites.

In some cases, managers of funds may have forgotten, minimized or ignored the fact that common stocks can be hazardous things to hold, especially in comparison to good quality fixed income obligations. Indicative of these characteristics is the more recent market price action of such groups as the textiles, tobaccos, non-ferrous metals and agricultural equipment stocks.

The excellent record of common stocks especially in the past few years has made it appear easy to manage common stock portfolios. Of some danger is the fact that this may have created a false sense of security. Ultimately, there has to be a recognition that investment management is not simply a buying operation confined to a comparatively small number of the better known names. Over a period of time, careful selection and rejection of common stock issues, together with attention to relative values, should provide some reasonable assurance of continuing success in the investment of common stock for trust and pension funds.

Urge Curtailment of Treasury's Power to Sell Bonds Directly to Reserve Banks

Members of Economists' National Committee on Monetary Policy propose, instead, Federal Banks be authorized to buy Treasury's "temporary overdrafts" not to exceed $1½ billion.

Sixty economists, members of the Economists' National Committee on Monetary Policy, recommend that the present temporary law, which allows the Treasury to sell up to $5,000,000,000 of its securities directly to the Federal Reserve banks, be not renewed when it expires on July 1, 1954. The legal authority is held by the economists to be unsound.

Instead of the present temporary authority, the economists suggest that the Federal Reserve banks be authorized to buy from the Treasury temporary overdrafts (special certificates) for periods not to exceed five days. Moreover, the economists would limit the total of any such Treasury overdrafts to $1,500,000,000. This figure is the maximum which these economists regard as safe for the purpose.

The Treasury overdrafts are recommended as useful to both the Government and Federal Reserve System at times when revenue receipts and expenditures are very temporarily out of balance. "Such limited overdraft accommodation, which is wholly consistent with the fiscal-agency functions of the Federal Reserve banks performed on behalf of the United States Treasury, would in no way jeopardize the independence of the former," the economists' statement reads. "The establishment and firm maintenance of this independence," it continues, "is a basic condition for sensitive contact with the needs of the money market."

The text of the recommendation follows:

In the interests of sounder management of this nation's monetary and fiscal affairs we, the undersigned, members of the Economists' National Committee on Monetary Policy, recommend that those provisions of Section 14 of the Federal Reserve Act, which permit the Treasury, until July 1, 1954, to sell directly to the Federal Reserve banks up to $5 billion of "any bonds, notes, or other obligations of the United States or which are fully guaranteed by the United States as to principal and interest," not be renewed.

In lieu of the present authority of the Federal Reserve banks to purchase Government securities, of any type or maturity up to $5 billion, directly from the United States Treasury, and in the interest of orderly money markets, particularly during taxpaying periods, the Federal Reserve banks should be authorized to purchase from the United States Treasury so-called "one-day" Treasury overdrafts. The maximum period during which these overdrafts (special certificates) might run probably should not exceed five days. Apparently the maximum amount of such certificates which the Federal Reserve banks should hold at any one time could safely be put at $1.5 billion, judging by the common stipulations of the Federal Open Market Committee (for example in the *Annual Report of the Board of Governors of the Federal Reserve System for 1948*, pp. 96-97).

As a stabilizing mechanism in the money markets and in respect to bank reserves, these Treasury overdrafts are particularly useful during quarterly taxpaying periods when tax receipts do not match Treasury outlays, as, for example, those required for the redemption of Government securities scheduled for retirement at quarterly taxpaying periods. Such limited overdraft accommodation, which is wholly consistent with the fiscal-agency functions of the Federal Reserve banks performed on behalf of the United States Treasury, would in no way jeopardize the independence of the former. The establishment and firm maintenance of this independence is a basic condition for sensitive contact with the needs of the money market. Sound procedure in this respect requires termination of present practices.

SIGNED

*JOHN F. ADAMS
Temple University

CHARLES C. ARBUTHNOT
Western Reserve University

JOHN W. BECK
Oklahoma Publishing Co.

JAMES WASHINGTON BELL
Northwestern University

DOUGLAS H. BELLEMORE
Boston University

H. H. BENEKE
Miami University, Oxford, Ohio

WILLIAM A. BERRIDGE
Metropolitan Life Insurance Co., New York City

ERNEST L. BOGART
New York City

FREDERICK A. BRADFORD
Lehigh University

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THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Pabst Brewing Well-known brewer [1936]	18	†0.74	18¾	3.9
Pacific Car & Foundry Co. Makes railway cars [1943]	11	†1.82	39½	4.6
Pacific Fire Insurance Diversified insurance [*1910]	44	3.00	85	3.5
Pacific Gamble Robinson Wholesaler, fruits & vegetables [1936]	18	0.80	‡11	7.3
Pacific Indemnity (L. A.) Diversified insurance [1935]	19	3.00	68½	4.4
Pacific Lumber Co. Planing mill products [1936]	18	8.00	127	6.3
Package Machinery Automatic wrapping machines [*1920]	34	†1.52	‡33¾	4.5
Panama Coca-Cola Beverage bottling [*1941]	13	0.30	4¼	7.1
Paterson Parchment Waxed & insoluble paper [*1935]	19	0.80	12	6.7
Peerless Cement Corp. Michigan producer [1941]	13	1.75	30	5.8
Peninsular Grinding Wheel Abrasives [1939]	15	0.60	‡6⅝	9.1
Pennsylvania Co. for Banking [1814]	140	2.05	45	4.6
Pennsylvania Gas Co. Operating public utility in Pennsylvania and New York [1881]	75	0.80	16½	4.8

Table II. 5-10 Year Dividend Payers on page 51.

Peoples First National Bank & Trust Co. (Pittsburgh) [1867]	87	2.00	45¾	4.4
Perfection Stove Heating and cooking appliances [1917]	37	1.00	18½	5.4
Permutit Co. Water softeners [1937]	17	1.20	31½	3.8
Peter Paul Co. Popular candies [1934]	20	2.00	24	8.3
Petrolite Corp. Chemical compounds [1931]	23	1.75	38¼	4.6
Pettibone Mulliken Railroad track equipment, forgings and machinery [1942]	12	†0.75	22¾	3.3
Pfaudler Co. Corrosion resistant equip. [1940]	14	1.80	25¾	7.0
Pheoll Manufacturing Screws, bolts, nuts [1921]	33	1.40	14	10.0
Philadelphia National Bank [1844]	110	5.00	106	4.7
Philadelphia Suburban Transportation Co. Operates street ry. lines [1940]	14	2.00	‡28	7.1
Philadelphia Suburban Water Operating public utility [*1939]	15	1.00	52	1.9
Phoenix Insur. (Hartford) Fire underwriter [1875]	79	3.40	101½	3.3
Piedmont & Northern Ry. Operates electric line in Carolinas [1929]	25	6.00	91	6.6
Plainfield-Union Water Co. Operating public utility [1913]	41	3.00	56	5.4

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation. Dec. 31 figure not available.

THE BIGGEST STOCK-MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Planters Nut Peanut products [1912]	42	2.25	58½	3.8
Plomb Tool Mechanics hand tools [1939]	14	0.80	8⅛	9.8
Plymouth Cordage Rope, binding twine, etc. [1860]	94	2.60	46¾	5.6
Pocahontas Fuel Co., Inc. Bituminous coal [1934]	20	1.20	20	6.0
Potash Co. of America Potash and oil interests [1937]	17	2.25	32¾	6.9
Providence Union Natl. Bank [1791]	163	3.25	82½	3.9
Providence-Washington Ins. Fire underwriter [1907]	47	1.50	27⅞	5.4
Provincial Bank of Canada Foreign and domestic banking business [*1919]	35	0.70	16	4.4
PUBLIC NATIONAL BANK & TR. COMPANY (N. Y.) [1916] ● See page 61 for advertisement of this bank.	38	2.25	50½	4.5
Public Service Co. of N. H. Electric utility [1937]	17	1.80	27¼	6.6
Public Service Co. (N. Mex.) New Mex. elec. supplier [*1942]	12	0.56	10¾	5.2
Publication Corp. Owns rotogravure printing plants [1936]	18	2.00	25½	7.8
Puget Sound Power & Light Operating public utility [1943]	11	1.275	24⅛	5.3

Table II: 5-10 Year Dividend Payers on page 51.

Purex Corp. Makes "Purex," and "Trend" [*1942]	12	0.60	8⅛	7.4
Purolator Products Filters: oil, gas and air [1941]	13	†1.19	15⅝	7.6
Quincy Market Cold Storage Boston operation [1942]	12	10.00	112	8.9
Ralston Purina Animal feeds, breakfast foods [*1942]	12	2.00	69	2.9
Ray-O-Vac Co. Dry batteries, flashlights, etc. [1933]	21	1.20	18¼	6.6
Reece Corp. (Mass.) Makes button hole mach. [1882]	72	0.80	11	7.3
Reed-Prentice Corp. Plastic injection moulding mach. [1940]	14	0.75	8¼	9.1
Reinsurance Corp. (N. Y.) Writes only reinsurance [1937]	17	0.45	9¼	4.9
Republic Insurance Co. Fire and casualty insurance [1919]	35	1.20	51	2.4
Republic Natl. Bank (Dallas) [1920]	34	†1.30	35¼	3.7
Republic Natural Gas Natural gas & oil producer [1937]	17	†1.49	51½	2.9
Revere Racing Assn. Dog racing, near Boston [1942]	12	0.60	6⅝	9.1
Rhinelander Paper Co. Glassine and greaseproof packaging paper [1936]	18	1.60	23	7.0
Rhode Island Hospital Trust [1869]	85	7.00	170	4.1

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.

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Bache Will Have HQ At ANPA Meeting

The investment firm of Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange, will again maintain guest facilities in the Waldorf-Astoria the week of April 19 when the American Newspaper Publishers Association holds its annual meeting in New York, it was announced by Henry Gellermann, the firm's Director of Advertising and Public Relations.

Bache & Co. is the only investment firm to establish headquarters at the yearly session of the A. N. P. A., and 1954 will mark the fifth year in which the firm is to be represented at the gathering of newspaper publishers.

These meetings with top newspaper executives from all sectors of the country afford Bache & Co. the opportunity of reviewing its advertising and public relations activities as they apply to local conditions and existing marketing needs, according to Mr. Gellermann.

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Urge Curtailment of Treasury's Power to Sell Bonds Directly to Reserve Banks

CECIL C. CARPENTER
University of Kentucky

ARTHUR W. CRAWFORD
Chevy Chase, Maryland

WILLIAM W. CUMBERLAND
Ladenburg, Thalmann & Co., New York City

REV. BERNARD W. DEMPSEY, S. J.
St. Louis University

RAYMOND DE ROOVER
Wells College

JAMES C. DOLLEY
The University of Texas

WILLIAM E. DUNKMAN
The University of Rochester

WILLIAM F. EDWARDS
Brigham Young University

D. W. ELLSWORTH
E. W. Axe & Co., Inc., Tarrytown, N. Y.

FRED R. FAIRCHILD
Yale University

CHARLES C. FICHTNER
Buffalo, New York

MAJOR B. FOSTER
Alexander Hamilton Institute and New York University

ROY L. GARIS
University of Southern California

ALFRED P. HAAKE
Economic Consultant Park Ridge, Illinois

E. C. HARWOOD
American Inst. for Economic Research

HUDSON B. HASTINGS
Yale University

HAROLD J. HECK
The Tulane University of Louisiana

GEORGE H. HOBART
High Point College

JOHN THOM HOLDSWORTH
The University of Miami

HAROLD HUGHES
Economic Consultant, Fort Worth, Texas

FREDERIC A. JACKSON
Morgan State College

MONTFORT JONES
The University of Pittsburgh

DONALD L. KEMMERER
University of Illinois

ARTHUR KEMP
Claremont Men's College

J. L. LEONARD
Culver City, California

EDMOND E. LINCOLN
Wilmington, Delaware

A. WILFRED MAY
Executive Editor, "The Commercial and Financial Chronicle," N. Y. C.

DAVID H. McKINLEY
The Pennsylvania State College

AUSTIN S. MURPHY
Seton Hall University

FRED R. NIEHAUS
Stanford University

MELCHIOR PALYI
Chicago, Illinois

*FRANK PARKER
University of Pennsylvania

ROBERT T. PATTERSON
New York University

CLYDE W. PHELPS
University of Southern California

FREDERICK G. REUSS
Goucher College

O. H. RITTER
Stockton, Calif.

LELAND REX ROBINSON
76 Beaver St., N. Y. C.

*R. G. RODKEY
University of Michigan

OLIN GLENN SAXON
Yale University

R. HARLAND SHAW
Conference of American Small Business Organizations, Chicago, Illinois

MURRAY W. SHIELDS
University of Florida

WALTER E. SPAHR
New York University

WILLIAM H. STEINER
Brooklyn College

GILBERT R. STONESIFER
Mt. Union College

CHARLES S. TIPPETTS
Mercersburg Academy

JAMES B. TRANT
Louisiana State University

JOHN V. VAN SICKLE
Wabash College

V. ORVAL WATTS
Economic Consultant, Altadena, Calif.

EDWARD J. WEBSTER
Clearwater, Florida

G. CARL WIEGAND
University of Mississippi

EDWARD F. WILLETT
F. Eberstadt & Co., Inc., N. Y. C.

*With reservations.

Harold Beale Joins Standard Coil Prods.

Harold F. Beale

LOS ANGELES, Calif.—Glen E. Swanson, President of Standard Coil Products Co., Inc., has announced the appointment of Harold F. Beale as assistant to the President. For many years Mr. Beale has been a partner of Lester, Ryons & Co., Los Angeles securities firm.

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THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Richardson Co. — Plastic products [1932]	22	1.40	19	7.4
Riegel Paper Corp. — Glassine and greaseproof paper [*1935]	19	1.25	26½	4.7
Riegel Textile Corp. — Wide line textile products [1938]	16	2.30	‡36	6.4
Riggs National Bank (D. C.) [*1925]	29	12.00	416	2.9
Rike Kumler Co. — Dayton department store [1930]	24	1.50	26¼	5.7
Riley Stoker — Steam generating equip., stokers [1940]	14	1.60	21⅞	7.3
Risdon Mfg. — Small metal stampings [1917]	37	3.50	55	6.4
Roanoke Gas Co. — Operating public utility [1944]	10	0.55	12	4.6
Robertson (H. H.) Co. — Metal building materials [1936]	18	†2.73	54¼	5.0
Rochester Telephone Corp. — Operating public utility [1926]	28	0.80	14	5.7
Rock of Ages Corp. — Produces monuments [1941]	13	1.00	13¾	7.3
Rockland-Atlas Natl. Bank of Boston [1925]	29	2.90	60	4.8
Rockland Light & Power Co. — Hudson west shore electric supplier [*1914]	40	0.60	14¼	4.2
Rockwell Mfg. Co. — Meters, valves, specialties [1937]	17	2.00	23⅛	8.6

Table II: 5-10 Year Dividend Payers on page 51.

Ross Gear & Tool — Steering gears [1928]	26	3.75	56	6.7
Royalties Management Corp. — Oil & gas royalty interests [1943]	11	0.20	3⅛	6.4
Russell Mfg. Co. — "Lastex" fabrics and webbings [1940]	14	0.75	9½	7.9
Russell-Miller Milling — Milling, elevator, feed [*1934]	20	1.25	35	3.6
Saco-Lowell Shops — Textile spinning machy. [1938]	16	1.00	13⅝	7.3
Safety Car Heat. & Light. Co. — Lights and air conditioning railway cars [1933]	21	1.25	17⅞	7.0
Sagamore Mfg. Co. — Sateens, broad cloths, twills [1936]	18	8.00	‡100	8.0
St. Croix Paper Co. — Maine producers [1920]	34	4.00	57½	7.0
St. Helens Pulp & Paper Co. — High grade kraft pulp & paper [1933]	21	0.32	‡24	1.3
St. Louis, Rocky Mountain & Pacific Co. — Coal realty interests & production [1941]	13	1.25	26	4.8
St. Paul Fire & Marine Insur. — Diversified insurance [1872]	82	0.90	36½	2.5
St. Paul Union Stockyards — Minnesota operator [1916]	38	1.00	13¼	7.5

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation. Dec. 31 figure not available.

THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
San Francisco Bank [*1925]	29	800.00	24,000	3.3
San Jose Water Works — Operating public utility in Calif. [1932]	22	2.00	35	5.7
Sanborn Map Co. — Fire insurance & real estate maps [1935]	19	4.50	49½	9.1
Savannah Sugar Refining — Georgia operator [1924]	30	3.00	53	5.7
Schlage Lock Co. — Locks & builders' hardware [1940]	14	2.40	‡42	5.7
Scott & Williams, Inc. — Builds knitting machinery [*1940]	14	0.50	8⅝	5.8
Scranton Lace Co. — Lace curtains and table covers [*1916]	38	0.60	10¼	5.9
Scruggs-Vandervoort-Barney — Dept. stores: St. Louis, Kansas City, Denver [1940]	14	0.60	9¼	6.5
Seaboard Surety Co. — Diversified insurance [1935]	19	†1.70	42½	4.0
Searle (G. D.) & Co. — Pharmaceuticals [1935]	19	1.80	66	2.7
Seatrain Lines — Transports Freight cars by ships [*1941]	13	0.375	12⅜	3.0
Seattle First National Bank [1930]	24	2.60	72	3.6
Second Natl. Bk. (Boston) [1919]	35	5.00	122	4.1
Second Natl. Bk. (Houston) [*1925]	29	1.60	43	3.7
Secur.-First Natl. Bk. (L.A.) [1881]	73	3.80	125	3.0
Security Ins. Co. (N. Haven) [1894]	60	1.60	36	4.4
Shepard Niles Crane & Hoist — Electric cranes and hoists [1935]	19	2.00	19	10.5
Sherbrooke Trust Co. — General trust business [*1912]	42	7.00	150	4.7
Shuron Optical Co. — Misc. optical equipment [1937]	17	2.00	32	6.3
Sierra Pacific Power — Operating public utility [1926]	28	1.70	33	5.2
Simplex Paper Corp. — Misc. paper products [1936]	18	1.00	10⅝	9.4
Sioux City Stock Yards — Iowa operator [1905]	49	1.60	76¼	2.1
Skil Corp. — Portable tools [1937]	17	1.55	17½	8.9
Smith Agric. Chemical Co. — Chemical fertilizers [1924]	30	3.50	‡50	7.0
Smith (S. Morgan) Co. — Turbines and valves [1898]	56	1.00	22½	4.4
Smith Kline & French Labs. — Well-known drug mfr. [1923]	31	1.75	51	3.4
Snap-On Tools Corp. — Mechanics' hand tools, etc. [1939]	15	1.50	18¼	8.2

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation. Dec. 31 figure not available.

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Elite Over-the-Counter Attractions

in Rochester, a plant in Toronto, Canada, and a British plant (Short and Mason Ltd.) in London, plus 23 sales offices in U. S. and Canada, Taylor turned in net sales of $18 million for the year ended 7-31-53, which it converted into net income of $653,241. This worked out to $3.62 per share on the 180,440 common shares outstanding. Dividends for both 1952 and 1953 were $1.60. The stock sells around 37 with a book value (7-31-53) of $57 a share. Current operations are reported ahead of the 1953 rate and a subsidiary for the Australian market is scheduled to be launched shortly. For the three year period ended 7-31-53 a total of $11.41 a share of earnings had been retained in the business.

Just about the biggest name in sprinklers and fire extinguishers is Grinnell Corp. of Providence, R. I. Next time you stroll through a department store or factory, look aloft and you'll probably see a whole lot of inverted metal mushrooms pointing down from visible rows of pipes, or from the ceiling. Quite likely these are Grinnell valves adjusted to spray the whole area, the moment the atmosphere temperature reaches a certain critical heat reading. In addition to producing and selling these valves, pipes, fittings, etc., Grinnell distributes Pyrene fire extinguishers, controls Automatic Firms Alarm Co., owns 52% of American District Telegraph Co. and all of Holmes Electric Protective Co. Net sales are now running at the rate of about $140 million a year. Working capital position is excellent and 1952 earnings of $14.24 a share provide magnificient coverage for the indicated $3 dividend rate. There are but 500,000 common shares outstanding quoted at $70. A random appraisal here would suggest a definite dividend enlargement in the not too distant future; and if the shares were split, say 2 for 1, the decision would not seem particularly illogical.

The United States Envelope Company, of Springfield, Mass., is the world's largest manufacturer of envelopes. Its annual report for 1953 didn't mention how many envelopes were actually produced but I'm sure the total was in the hundred millions. At all events, 1953 was a very good year, and the management must be flap happy over the net sales total, $41 million (a new high), and net profit of $1,040,924, up 19.2% over the preceding year. The envelopes the common stockholders received during the year contained dividends totaling $3 per share, a quite modest declaration in light of the net earnings of $9.69. Over $500,000 was retained in the business in 1953.

United States Envelope Co. has two classes of stock—79,404 shares of $3.50 preferred and only 78,750 shares of common. These quite solid equities were held by 3,074 stockholders (12-31-53). The company has excellent and progressive management; expanding earnings and some leverage in its common shares; and at current quotations of around $70. U. S. Envelope common delivers an interesting value.

In so brief review as this, we could not possibly begin to cover the myriad of attractive equities lurking in over-the-counter trading lists. If, however, your appetite has been whetted, you might want to look up perhaps the biggest wholesale hardware company, Marshall-Wells, whose common sells at 250 and pays $12; Daisy Company, the can opener king; Dental Supply, number one purveyor to fang doctors; Abercrombie and Fitch, the sportsman's paradise; Brinks, the money movers; Bostich for staple investors; Animal Trap Co., premier ensnarers of assorted beasts; and Rock of Ages, granite tombstone tycoon, and an obviously long-term investment! In all these, you may become a shareholder—over-the-counter. Just because a stock is not listed does not mean that it's listless.

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THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Sonoco Products Co. — Paper & paper specialties [1925]	29	1.00	18⅛	5.5
South Carolina National Bk. (Charleston) [1936]	18	1.50	‡54	2.8
S'thern Advance Bag & Paper — Pulp and paper products [1941]	13	1.80	29	6.2
So. California Water Co. — Water, electric and ice interests, operating company [*1933]	21	0.65	10⅝	6.1
Southern Colorado Power — Electricity supplier [1944]	10	0.70	12⅞	5.4
So. New England Tel. Co. — Connecticut oper. utility [1891]	63	1.80	33½	5.4
Southern Union Gas Co. — Natural gas supplier, New Mexico and Texas [1943]	11	0.80	23⅞	3.4
Southland Life Insurance Co. — Non-participating life [1935]	19	1.00	100	1.0
Southwestern Investment Co. — Auto and other financing [1940]	14	†0.90	§17¾	5.1
Southwestern Life Insur. Co. — Non-participating life [1910]	44	1.90	82	2.3
Southwn. Pub. Serv. (N. M.) — Operating public utility in Texas and Oklahoma [1942]	12	1.23	25	4.9
Speer Carbon Co. — Carbon & graphite prods. [1934]	20	1.00	13	7.7
Sprague Electric Co. — Makes electric condensers [*1942]	12	1.60	55	2.9
Springfield F. & M. Ins. Co. — Diversified insurance [1867]	87	2.00	50¼	4.0
Springfield Gas Light Co. — Mass. operating utility [1853]	101	1.80	29½	6.1
Staley (A. E.) Mfg. Co. — Processes corn & soy beans [1935]	19	y1.23	20⅞	5.9
Standard Accident Insur. Co. — Diversified insurance [1941]	13	1.60	51¼	3.1
Standard-Coosa Thatcher Co. — Yarns and threads [1922]	32	1.00	14¼	7.0
Standard Screw Co. — Screws and screw machine products [1905]	49	4.00	70	5.7
Stanley Works — Hardwore for building trades, etc. [1877]	77	3.00	44½	6.7
State Bank of Albany [*1925]	29	1.20	28	4.3
Steel Products Engineering — Industrial tools and equip. [1916]	38	1.00	13	7.7
Stonega Coke & Coal Co. — Coal and timber [1940]	14	1.00	17¼	5.8
Stouffer Corp. — Restaurant chain [1936]	18	1.00	18¼	5.5
Strauss (Nathan)-Duparquet — Commercial kitchen equip. [1939]	15	0.45	4⅞	9.2
STRUTHERS WELLS CORP. — Refining equipment; drilling equipment for oil wells [1944] ● See company's advertisement on this page.	10	†1.52	24	6.3
Sun Life Assurance Co. — Life. Also large annuity business [1937]	17	3.50	163	2.1

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation. Dec. 31 figure not available.
§ Later quotation. Dec. 31 figure not available.
y Company paid $1.25 in dividends per share of common stock during 1953 and in addition paid a 2% stock dividend on December 15 of that year. The $1.23 shown represents the figure arrived at after adjustments have been made in the conventional way for the stock dividend.

THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Swan Rubber Co. — Hosing and tires [*1942]	12	0.60	11¼	5.3
Syracuse Transit Corp. — Local bus operator [1942]	12	1.50	16¾	9.0
Tampax, Inc. — Misc. cotton products [1943]	11	0.80	23	3.5
Tappan Stove Co. — Gas ranges [*1935]	19	1.75	‡19½	9.0
Taylor-Colquitt Co. — Railroad ties and poles [1927]	27	2.00	32½	6.2
Taylor-Wharton Iron & Steel — Steel castings [1941]	13	1.50	50	3.0
Tecumseh Products Corp. — Refrigeration compressors, etc. [1940]	14	2.00	77	2.6
Terry Steam Turbine Co. — Turbines and reduction gears [*1908]	46	8.00	‡95	8.4
Thrifty Drug Stores — Calif. drug store chain [1937]	17	0.50	8⅛	6.2
Tiffany & Co. — Jewelry and silverware [*1944]	10	1.00	21	4.8
Time, Inc. — Well-known publisher [1930]	24	2.50	36½	6.3
Timely Clothes, Inc. — Men's suits, coats, etc. [1941]	13	1.00	12⅝	7.9
Tobin Packing Co. — Meat Packer [1943]	11	0.65	11½	5.7
Tokheim Oil Tank & Pump — Gasoline pumps [1932]	22	1.20	16½	7.3
Toledo Trust Co. [1934]	20	3.00	83	3.6
Torrington Mfg. Co. — Rolling mill equipment [1935]	19	1.25	24	5.2

* Previous record, if any, not available.
‡ Earlier quotation. Dec. 31 figure not available.

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Evils of Irredeemable Currency May Overwhelm Us

flation, is restrained when we have the gold standard and a redeemable currency.

The Incentive to Inflation

The power thus taken from the people renders Senators and Congressmen helpless to resist demands from various pressure groups for further deficit spending to be easily made up by inflation of money and credit. That helplessness is a matter of experience told to me by Congressmen. It is the loss of the power of the purse, making Congress a rubber-stamp under irredeemable currency.

We wish to move the stopped clock forward to modern conditions and start the clock again. It had ticked off years of peace, prosperity and progress under the gold standard during so many years. It is true that the same threat in the form of greenbacks during and after the Civil War was followed by the long depression of 1873 to 1879. Then we had the resumption which made gold coins freely available for currency in 1879. There followed the active period known on economists' charts as the Gold Resumption Prosperity.

Other witnesses have described the reasons why we can and should promptly provide the people with a gold redeemable currency by the enactment of this bill.

I can add my considered opinion that we can be in much trouble, economically and politically if we don't. Americans deserve and have earned the best kind of money. Americans need the assurance and confidence which the gold coin standard engenders among people who would provide centers of initiative. We need to encourage the integrity and strength of those who can and will undertake investments and accept responsibility when we have a measure to which honest men can repair.

That is provided in this bill.

With Peninsular Inv.

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.—Nelson L. Samson and Rowena M. Samson have joined the staff of Peninsular Investments, 134 Beach Drive, North. Both were formerly with Frank L. Edenfield & Co.

Joins Barclay Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Andrew G. Bertoncini is now associated with Barclay Investment Co., 39 South La Salle Street. He was formerly for many years with Paul H. Davis & Co.

Joins Clayton Securities

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Me. — Albert B. Collins has become associated with Clayton Securities Inc., Clapp Building. Mr. Collins was formerly with J. Arthur Warner & Co.

With Eisele & King

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG BEACH, Fla.—Donal H. Colville, Jr. and James B. Williams have become associated with Eisele & King, Libaire, Stout & Co., 7217 Gulf Boulevard. Mr. Williams was formerly with H. Hentz & Co.

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Our Currency System Destroys a Right to Private Property

issue as the denial of ownership of property.

Some of those who oppose such a free market say that transactions in gold would be "trifling" and fluctuations largely influenced by speculators. Perhaps the committee is aware that last week London established a partially free gold market for the first time in 15 years. As to the volume of business which will be transacted in this free market let me read from the "Wall Street Journal" of March 23:

"One hour after the market opened on Monday. . . . It was clear the new market is slated to become the major factor in world gold trade."

Certainly this would not be a "trifling" volume, particularly in view of the fact that the London market is still restricted.

Other opponents say a free market would create chaos, confuse the public and cause a loss of confidence in the dollar. Before the British returned to gold in 1925 they established a free market for gold. This did not create choas. At that time the free market showed that the pound was over-valued in terms of gold. The British chose to ignore this warning, going back on gold at an over-valued figure which eventually caused a decline in exports. But there was no "chaos" as a result of the operation of the free gold market. Would the British be going back to a free gold market today if they thought it would mean a loss of confidence in sterling and financial chaos? Here is what the "Journal of Commerce" of March 23 states:

"Britain's restoration of gold trading in London yesterday, plus the relaxation of restrictions on dealings in certain forms of blocked sterling, seemed likely yesterday to strengthen sterling as a world currency and bring to London an assured flow of gold to strengthen British reserves and world trading capacity."

The path is clear. A free gold market and a return to gold redemption would restore to Congress its Constitutional right to coin and regulate the value of money. Such action would be in the interest of the man in the street since it would place the tools of Democracy where they belong — in his hands. Let the individual citizen have more responsibility for protecting his own property and financial interests—the value of his life insurance, pensions and savings.

The passage of S. 13 and a later return to a gold standard would mean a stronger America — an America that can lead the world through the mire of the ideological struggle with Communism. I respectfully urge its prompt and favorable consideration by your committee.

Mr. Chairman, I should like to briefly address myself to S. 2514. I also favor the enactment of this legislation. I feel one of the outstanding inconsistencies of our present monetary system lies in the fact that we still recognize the monetary status of the silver dollar to the same extent as did our forefathers in 1792 when the First Coinage Act was passed, and yet we permitted the market price of silver to decline since 1873 far below the monetary price established 162 years ago and which monetary value has never been changed.

In 1873 the Congress passed legislation which resulted in the abandonment of the free coinage of silver, but did not alter the monetary price or the legal tender status of the silver dollar.

Silver is the only precious money metal in which Federal Reserve notes and Treasury notes and silver certificates are now redeemable in the United States.

Congress should, by statute, restore a gold and silver standard by again typing silver to gold on a production ratio basis after the true value of gold has first been determined through free market transactions over a period of a few years and after gold redemption has been restored.

Senator Bricker — You would advocate the free market of gold to determine the actual price, and then after determination return to redeemability?

Mr. Young—That is right, sir. I believe if the price was rather arbitrarily set at $35 an ounce, perchance $35 an ounce would be the market price at the present time, but I think on the international market it has been somewhat higher.

Senator Bricker—The price on the English market is approximately $35. That is a limited trade. That excludes people within the Empire and the sterling bloc.

Mr. Young—I feel it might be dangerous to return to redeemability at $35 an ounce until we had ascertained the market conditions in this country. It is my understanding that in New York over the past few years the market price has varied from $37 to $40 or thereabouts.

Maloney Adds to Staff

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — John W. Larson is now with Maloney & Co. Inc., 650 South Spring Street.

Joins King Merritt

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Grover C. Fillbach has become connected with King Merritt & Co., Inc., 1151 South Broadway.

With Standard Inv. Co.

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Edwin W. Durant has become conected with Standard Investment Co. of California, 210 West Seventh Street.

Joins Hamilton Managem't

(Special to The Financial Chronicle)

DENVER, Colo. — Charles W. Hoffmeister is now affiliated with Hamilton Management Corporation, 445 Grant Street.

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THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Towle Mfg. Co. — Sterling silver tableware [1917]	37	2.25	30	7.5
Townsend Co. — Wire products [1906]	48	1.50	17½	8.6
Travelers Ins. Co. (Hartford) — Life, accident, health [1864]	90	17.00	847	2.0
Trico Products — Auto accessories [1928]	26	2.50	39	6.4
Trust Co. of Georgia [1930]	24	†24.00	‡620	3.9
Tucson Gas. Elec. Lt. & Pwr. — Electric and gas utility [1911]	43	†0.83	18⅜	4.5
Twin Disc Clutch Co. — Clutches and gears [1934]	20	3.00	45	6.7
Tyler Fixture Corp. — Steel display and storage equipment [1937]	17	0.45	‡6¼	7.2
Tyre Rubber Co. — Rubber specialties [1941]	13	2.50	‡32	7.8
Uarco, Inc. — Business stationery [*1936]	18	1.50	19¾	7.6
Union Bk. of Comm. (Cleve.) [1943]	11	2.05	38	5.4
Union Bank & Trust (L. A.) [*1925]	29	7.00	‡136	5.1
Union Planters Bk. (Memphis) [1927]	27	1.70	38¾	4.4
Union Sulphur & Oil, Class B — Crude oil and natural gas production [*1935]	19	1.40	39½	3.5
Union Trust (Baltimore) [1939]	15	1.30	31½	4.1
Union Wire Rope Co. — High carbon wire, and wire rope [1937]	17	†0.65	12⅞	5.0
United Drill & Tool, Class B — Machine tools, misc. equip. [1941]	13	1.00	13¾	7.3
United Illuminating Co. — Connecticut oper. utility [1900]	54	2.50	44¾	5.6
United Printers & Publ., Inc. — Greeting cards [1939]	15	1.50	16¼	9.2
U. S. Envelope Co. — Paper products [1940]	14	3.00	72	4.2

Table II. 5-10 Year Dividend Payers on page 51.

U. S. Fidelity & Guaranty Co. — Diversified insurance [1939]	15	†1.95	67¾	2.9
U. S. Fire Insurance Co. — Diversified insurance [*1910]	44	1.50	38¾	3.9
U. S. Lumber Co. — Holding Co., land & mineral interests [*1908]	46	0.75	6½	11.5
United States National Bank of Denver [1924]	30	†1.875	46	4.1
U. S. Natl. Bank (Portland) [*1925]	29	2.40	73½	3.3
U. S. Potash Co. — Potash used in chemicals and fertilizers [1936]	18	1.80	29	6.2
United States Testing Co. — Tests textiles, soaps, oils [1936]	18	3.50	125	2.8
U. S. Truck Lines (Del.) — Inter-city motor carrier [1935]	19	1.20	14¼	8.4
U. S. Trust Co. (N. Y.) [1854]	100	16.00	291	5.5
United Utilities, Inc. — Holding company [1939]	15	1.00	17⅞	5.6
Universal Match Co. — Matches and candy [1938]	16	1.20	16¼	7.4
Univis Lens Co. — Ophthalmic lenses [1928]	26	0.45	9¾	4.6
Upson Co. — Makes wall board [1941]	13	1.30	15¾	8.3
Upson-Walton Co. — Wire rope [1936]	18	0.60	8	7.5
Utah Oil Refining Co. — Crude oil refining [*1915]	39	1.00	23½	4.3
Valley Mould & Iron Corp. — Ingot moulds and stools [1936]	18	3.00	30½	9.8
Valley Natl. Bk. (Phoenix) [1935]	19	0.80	18	4.4
Veedor-Root, Inc. — Makes counting devices [1934]	20	2.00	31¼	6.4
Victor Products Corp. — Commercial refrigeration [1939]	15	†0.17	4⅞	3.5
Viking Pump Co. — Rotary pumps [1934]	20	1.00	20¼	4.9

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation. Dec. 31 figure not available.

THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Virginia Coal & Iron Co. — Owns soft coal land in Virginia and Kentucky [*1916]	38	4.00	44	9.1
Wachovia Bank & Trust (Winston-Salem) [1936]	18	†0.80	30½	2.6
Wacker-Wells Building Corp. (Chicago) — Office building [1934]	20	5.00	69	7.2
Wagner Electric Corp. — Motors and brakes [1934]	20	†2.94	55¼	5.3
Warren Bros. Co. — Paving contractor [1943]	11	1.30	22⅛	5.9
Warren (S. D.) Co. — Printing papers & allied products [1936]	18	1.00	17¼	5.8
Washington Oil Co. — Crude oil & gas producer [1925]	29	2.00	30	6.7
Waterbury-Farrell Foundry — Makes metal working machinery [*1936]	18	1.50	34	4.4
Wellman Engineering Co. — Machines for handling materials [1941]	13	1.10	10½	10.5
West Disinfecting Co. — Sanitation products [1940]	14	1.00	14½	6.9
West Mich. Steel Foundry — Steel castings for railroad and industrial use [1936]	18	1.00	12½	8.0
West Ohio Gas Co. — Natural gas in West. Ohio [1941]	13	0.80	12	6.7
West Penn Power Co. — Both operating utility and holding company [*1923]	31	2.10	44	4.8
West Point Mfg. Co. — Textiles [1888]	66	1.60	21¾	7.4
Westchester Fire Ins. (N. Y.) — Diversified insurance [1871]	83	1.00	26	3.8
Western Assurance Co. — Fire, marine, aviation, auto and casualty [1934]	20	3.60	100	3.6
Western Massachusetts Cos. — Subs. supplies electricity and steam heat [1927]	27	2.00	33⅝	5.9
Weyerhaeuser Timber Co. — Leading producer: Pacific Northwest [*1933]	21	2.50	70	3.6
Whitaker Paper Co. — Paper products & cordage [1934]	20	1.55	23½	6.6
Whitin Machine Works — Textile machinery [*1940]	14	2.00	20½	9.8
Whiting Corp. — Cranes, hoists, foundry equipment [1937]	17	1.00	13	7.7
Whitney Natl. Bk. (New Orl.) [1885]	69	4.00	180	2.2
Wichita Union Stockyards — Kansas operator [1908]	46	4.00	‡75	5.3
Will & Baumer Candle Co. — Candles and paraffin [1939]	15	1.00	‡15½	6.5
Williams (J. B.) Co. — Shaving soap & lotions [1885]	69	0.60	8½	7.1
Wilmington (Del.) Trust Co. [1908]	46	7.00	165	4.2
Winters Natl. Bank & Trust (Dayton) [*1925]	29	1.50	30	5.0
Wiser Oil Company — Crude oil & natural gas production [1917]	37	2.25	33½	6.7
WJR The Goodwill Station — Detroit broadcaster [1930]	24	0.70	9⅞	7.1
Woodward Governor Co. — Speed controls for engines and propellers [1939]	15	1.50	26½	5.7
Woodward & Lothrop — Washington, D. C. dept. store [*1932]	22	2.00	27½	7.3
York Corrugating Co. — Metal stampings, plumbers, supplies [1935]	19	1.50	18	8.3
Young (J. S.) Co. — Licorice paste for tobacco [1912]	42	4.00	52	7.7
Yuba Consol. Gold Fields — California gold dredger [1909]	45	0.15	2¼	6.7
Zeigler Coal & Coke Co. — Owns mines in Ill. & Ky. [1939]	15	0.775	9⅛	8.5
Zonolite Co. — Fireproof bldg. materials [1944]	10	0.075	3⅜	2.2

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation. Dec. 31 figure not available.

TABLE II

OVER-THE-COUNTER
Consecutive Cash DIVIDEND PAYERS for 5 to 10 YEARS

The year in brackets under name of each listing indicates the date from which the company or institution has paid consecutive cash dividends insofar as complete records are available in the files of the "Chronicle," or the prominent statistical services.

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Aberdeen Petroleum — Oil and gas production [1945]	9	z0.24	4¼	5.6
Aerovox — Electrical condensers [1948]	6	0.60	9½	6.3
AIRCRAFT RADIO CORP. — Communication and navigation equipment [1945] ● See page 50 for advertisement of this corporation.	9	0.75	7¾	9.7
Allied Gas Co. — Operating public utility [1949]	5	1.00	‡39	2.6
American Hospital Supply — Large variety of hospital supplies [1947]	7	1.20	23	5.2
American Insulator (Del.) — Plastic mouldings [1947]	7	0.80	9½	8.4
American-La France-Foamite — Fire extinguishers [1948]	6	1.00	13¾	7.3
American Phenolic Corp. — Precision parts for aircraft and electronic industries [1945]	9	1.00	13⅞	7.2
American Vitrifed Products — Sewer pipe, bricks, tile [1947]	7	1.00	13¼	7.5

‡ Earlier quotation. Dec. 31 figure not available.
z Company paid 25c in dividends per share of common stock during 1953 and in addition paid a 2½% stock dividend on December 30 of that year. The 24c shown represents the figure arrived at after adjustments have been made in the conventional way for the stock dividend.

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Common Stocks as Investments For Life Insurance Companies

and any conceivable decline in market value of high-grade commons. This is more evident when it is recalled that life insurance is a growing industry, and that we are seldom if ever forced to liquidate our holdings at distress prices.

Our Policy

At New York Life we have a list of 90 approved common stocks, and have pursued a dollar averaging purchase plan, investing regularly regardless of the level of the market the same total number of dollars each month in those stocks on the approved list that provide a desirable yield differential. This means in effect that we purchase a larger number of shares when prices are low than when they are high. Mathematically, such a program **must** yield a higher return than that obtained by investors who purchase an equal number of shares each month. Dollar averaging is not possible for everyone. But, as you know, in a dynamic industry such as ours we always have new funds to invest so that a dollar averaging program is, in our opinion, the most practical and advantageous procedure.

At New York Life, we concentrate on dividend paying prospects of a company rather than on capital gains. As the above illustrates, compounding interest at a high rate is more important in the long run than capital gains. Naturally, the amount of dividends paid is bound to fluctuate somewhat from year to year, but studies have shown that the long-term trend of dividends is an upward one—rising at the average rate of about 3% annually since 1889—particularly if applied to a well-diversified and selective list of common stocks.

As an illustration of the continual growth in dividend payments the stocks in Moody's Public Utility Stock Index paid average dividends of $1.54 in 1940 and in the past year paid $2.01, equivalent to an increase of almost 30%. Furthermore, the stocks in the Dow-Jones Industrial Index paid an average of $7.06 per share in 1940 and today are paying better than $16.00.

Under these conditions, minimum dividend payments can reasonably be predicted in advance. Consequently, a life insurance company's program of buying common stocks should be done on the basis of the income it can reasonably expect to receive rather than on the hopes of capital appreciation.

For those who are further interested in dollar averaging I refer you to two studies. Briefly, Lucile Tomlinson's study shows that an investor who started Dollar Cost Averaging on Oct. 1, 1929, at 343 in the Dow-Jones Industrials and who bought on schedule every three months thereafter, would actually have had a slight profit even though the Index had declined to 103 in July, 1933. At that point the market had recovered not quite 20% of its total decline after his first purchase.

Even more amazing, the market was still more than 30% below the average of all the different prices which the investor had paid ($148.70), and yet, he was slightly better than even at $103 a share. This, in spite of the fact that the Dow-Jones Averages dropped from 343 on Oct. 1, 1929 to 103 in July, 1933—a decline of 70%. The other study, by the University of Michigan, showed that in the period 1937 to 1950 a selected portfolio of 92 common stocks would have performed 27% better than the Dow Jones averages during that period. This was accomplished during a period when these stock averages started and ended at about the same level and yet included a long decline, a long period of recovery and several intermediate swings. Portfolio market value at Jan. 15, 1950 was $3,028,000 as against an investment of $1,288,000.

Our Results

Thus far we at New York Life have purchased about $44 million of common stocks. Approximately 28% of the total is in electric utilities, 15% in oils, and the bulk of the remainder represented by holdings in a well-diversified cross-section of the nation's principal companies and industries. A modest capital appreciation of approximately 7% was registered as of the end of the year, but more important, this segment of our investments afforded a handsome dividend return of 5.8%. Under our Federal Income Tax laws this type of income provides a further benefit taxwise, and adjusting for this, the return is better than 6%.

The Future

I am sure you are all familiar with the Paley Report which attempts to forecast the growth which is likely to occur in our broad economy from now to the year 1975. Regardless of how wide of the mark these forecasts may be, it seems to me that it all adds up to a larger and more active economy, which should mean higher dividend payments by our corporations.

Certainly there seems to be nothing in the wood to indicate that there will be any change in the trend of the Cowles Index, which indicated an annual average rise in dividends of 3% from 1889 to 1949, a factor that I mentioned previously.

The population of the United States increased more than 2.7 million last year, the largest annual gain in our history. Of further interest, our population in the past eight years has increased more than 20 million persons. In addition, it must also be remembered that our age span is constantly lengthening, so that the Paley estimate of around 190 million people for 1975 may well be realized and it might even be exceeded.

Mention of a few more statistics from this report will describe to you the broader possibilities of the economy. Assuming this 27% increase in population occurs it

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THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Anglo-Calif. Natl. Bk. (S.F.) [1945]	9	2.00	‡43½	4.6
Bancroft (Jos.) & Sons Co. Textile manufacturer and processor [1946]	8	†0.60	9⅝	6.2
Bay Petroleum Corp. Colorado producer of crude petroleum and its products [1947]	7	0.50	33	1.5
Bates Manufacturing Co. Cotton and rayon fabrics [1946]	8	0.75	10	7.5
Bayway Terminal Warehousing [1947]	7	0.10	3¾	2.7
Bell & Gossett Pumps, tanks and valves [1947]	7	1.20	33	3.6
Big Bear Markets of Mich. Detroit supermarkets [1949]	5	0.50	‡6½	7.7
Black, Sivalls & Bryson Steel and wood tanks [1947]	7	1.25	17⅜	7.2
Blue Moon Foods Cheese and dairy products [1946]	8	0.30	6⅝	4.5
Bonneville, Ltd. Produces potash [1946]	8	0.35	‡5½	6.4
Brockville Tr. & Sav. (Ont.) Mortgage loan & trust business [*1946]	8	3.00	65½	4.6
Brunner Manufacturing Co. Condensers and air compressors [1946]	8	†0.09	8	1.1
Camden Forge Heavy forgings [*1945]	9	0.60	18	3.3
Canadian Motor Lamp Co. Auto head & tail lamps [*1947]	7	1.50	19½	7.7
Cascades Plywood Corp. Plywood [1947]	7	2.00	23½	8.5
Central Telephone Co. Operating public utility [1945]	9	0.85	15⅝	5.4
Cleveland Cliffs Mining & sale of iron ore [1947]	7	1.40	18⅜	7.6
Colorado Interstate Gas Co. Pipelines to Denver from Texas and Kansas [1949]	5	1.25	37⅞	3.3
Colorado Milling & Elevator Flour and prepared mixes for baking [1945]	9	1.00	12⅜	8.1
Conn (G. C.), Ltd. Top manufacturer of band instruments [1948]	6	0.30	5¾	5.2
Consolidated Dearborn Owns office buildings in Chicago and Newark [1946]	8	1.00	17	5.9
Consol. Theatres. Ltd., Cl. B Montreal & Quebec theatre chain [*1949]	5	0.20	3½	5.7
Coos Bay Lumber Co. Lumber manufacturing [1946]	8	5.00	66	7.6
Copeland Refrigeration Corp. Refrigerators & air conditioning [1946]	8	0.65	14	4.6
Cumberland Gas Corp. Operating public utility [1947]	7	0.525	7½	7.0
Delta Air Lines, Inc. Serves Dixie from Chicago to Detroit [1949]	5	1.10	20½	5.4
Detroit Aluminum & Brass Bearings and bushings [*1946]	8	0.40	‡5¼	7.6
Dickey (W. S.) Clay Mfg. Co. Sewer and culvert pipes; tiles [1946]	8	1.00	16¾	6.0
District Theatres Operates theatre chain [1946]	8	0.425	2½	17.0
Drewry's Limited U. S. A. Beer and ale; Midwest [1949]	5	1.15	15⅛	7.6

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation. Dec. 31 figure not available.

THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Ducommun Metals & Supply — Sells tools and industrial supplies [1946]	8	0.80	13¾	5.8
Electrolux Corp. — Vacuum cleaners [1945]	9	1.00	10	10.0
Emhart Manufacturing Co. — Glass industry machy. [1946]	8	†0.94	38	2.5
Empire State Oil — Oil production & refining [1947]	7	0.15	8⅝	1.7
Erlanger Mills Corp. — Holding Co. (textiles) [1946]	8	0.50	11	4.5
Equity Oil Co. — Crude oil production [1948]	6	0.40	9	4.4
Federal Enterprises — Advertising signs; electrical specialties [1948]	6	1.00	11⅜	8.8
Fifty Broadway Bldg., Inc. — Real estate [1948]	6	0.95	12½	7.6
Frontier Refining Co. — Petroleum refiner [1947]	7	†0.24	‡11½	2.1
Funsten (R. E.) Co. — Pecan shelling [1949]	5	0.40	7½	5.3
Gauley Mountain Coal Co. — Bituminous producer [1947]	7	2.00	21	9.5
General American Oil — Crude oil producer [1947]	7	†0.57	39½	1.4
General Contract Corp. — Bank & ins. holding co. [*1946]	8	0.80	14¼	5.6
General Dry Batteries — Production and sale of batteries [1946]	8	0.60	6¼	9.6
Genuine Parts Co. — Auto parts distributor [1948]	6	0.80	16¼	4.9
Glatfelter (P. H.) Co. — Book, bond and specialty paper [1946]	8	1.00	19	5.3
Globe-Wernicke — Office furniture [1948]	6	0.40	3¾	10.7
Govt. Employees Ins. Co. — Auto insurance for Federal employees only [1948]	6	1.30	81	1.6
Great Lakes Industries — Metal plating and clock manufacture [*1946]	8	0.40	4½	8.9
Hanson-Van Winkle-Munning — Plating & polishing equip. [1946]	8	†0.52	7¾	6.7
Hibernia Bank (San Fran.) — [1948]	6	3.00	58	5.2
Holeproof Hosiery — Hosiery and lingerie [1947]	7	1.00	11⅞	8.4
INDIANA GAS & WATER — Natural gas supplier [1946] ● See page 52 for advertisement of this company.	8	1.40	25½	5.5
Industrial Brownhoist — Locomotive cranes and pile drivers [1946]	8	2.30	10½	2.2
Interstate Bakeries — Bread and cakes; Midwest and Pacific Coast [1948]	6	1.00	24¾	4.0
Iowa Southern Utilities — Electricity supplier [1946]	8	1.20	20⅞	5.7
Jahn & Ollier Engraving Co. — Photo-engravings [*1946]	8	0.20	2	10.0
Kent-Moore Organization — Service station equipment [1948]	6	0.80	9	8.9
Kirsch Co. — Venetian blinds [1948]	6	†0.58	‡11	5.3
Kuhlman Electric Co. — Transformers and metal melting furnaces [*1946]	8	0.45	7⅞	5.7
La France Industries, Inc. — Upholstery [1949]	5	0.30	9	3.3
Lamston (M. H.), Inc. — Variety store chain [1945]	9	0.40	‡7	5.7
Langendorf United Bakeries — West Coast baker [1949]	5	1.80	26¾	6.7
Lea Fabrics — Auto carpets and floor coverings [1946]	8	2.00	15½	12.9
Liquidometer Corp. — Makes instruments to measure and regulate liquids [1947]	7	0.50	4½	11.1
Los Angeles Transit Lines — Traction company [1945]	9	1.00	10¾	9.3
Lucky Stores, Inc. — Food chain in northern California [1947]	7	0.50	7	7.1
Lytton's H. C. Lytton & Co. — Apparel chain stores [1949]	5	0.375	6¾	5.6
Macfadden Publications — Well-known magazine publisher [1945]	9	0.50	5⅞	8.5

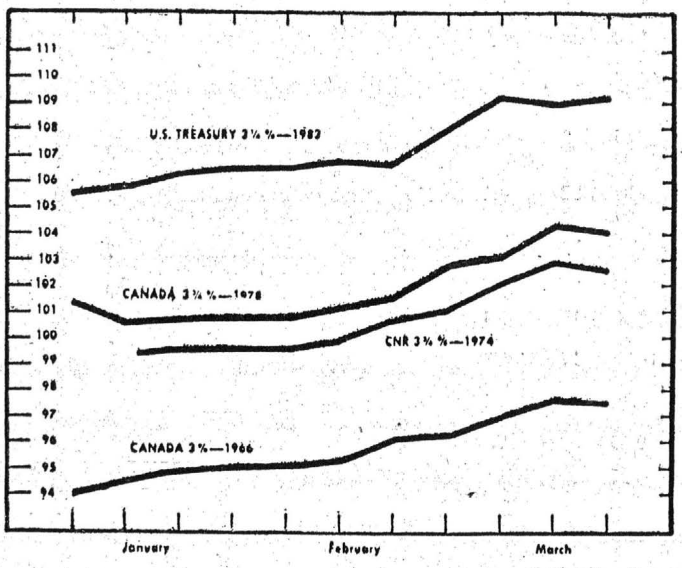
* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation. Dec. 31 figure not available.

Continued on page 54

Continued from page 12

A Record of Activity for U. S. And Canadian Bond Market

Trend of Canadian and U.S. Bonds



Graph by Ivor Murray

able to sell more goods and almost everyone would benefit.

As we have shown how the premium on our dollar is so closely related to investment, let us see how, by means of changing yields, a premium dollar could become a discount dollar.

To change the premium to a discount simply requires a reduction of the inflow of capital for investment. To reduce the inflow of capital requires that it be less attractive for foreign investors to buy Canadian securities. To make it less attractive to buy Canadian securities requires that our yields be lowered to a point where money "stays at home" instead of coming here.

Lowering our yields and bringing them back to the one-half of 1% spread as compared with U. S. bonds is not as formidable a job as it might appear. In the first place our bond market is healthy. There is no press for the government to do any major financing. Our surpluses and our generally sound postwar monetary policies stand us in good stead at this time. Well known to Canadian investors is the effective control that the Bank of Canada has on our bond market. We saw it only too clearly when our Canada bonds dropped in price. At the present time we have actually two main classes of Government bonds. First are those commonly referred to as "banking bonds." They are the maturities between 1954 and 1962. Banks buy these bonds because they fall within the term of investments eligible for them under the "Bank Act." In order to put the prices of these bonds up, all the Bank of Canada has to do is to see that the chartered banks have surplus funds available which will be channelled into the "banking bonds." Again supply and demand solves the problem. Other than the maturities mentioned, the only issues of any real size in the market are the 3% bonds due in 1963 and 1966. CNR's and Canada 3¾% due 1978 are not a real factor as the issues are comparatively small. With only the 1963 and 1966 maturities to be affected in a market operation the prices can be raised with a minimum of difficulty. Actually with the strong demand for Canada bonds at this time, the Government does not actually have to absorb supply; all the Bank of Canada needs to do is to stop offering those maturities for sale—in other words to make a bid only without a corresponding offering.

Higher Bond Prices Forecast

If this theory of reducing the premium of the dollar via lower yields and higher bond prices has any merit, then the 1954 bond market will continue to run full steam ahead.

It is suggested that investors sharpen pencils with a view to participating in further price rises in Canada, Provincial and Corporation bonds.

Paul Glenn Joins W. D. Gradison & Co.

Paul W. Glenn

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio — Paul W. Glenn has become associated with W. D. Gradison & Co., Dixie Terminal Building, members of the New York and Cincinnati Stock Exchanges. Mr. Glenn was formerly associated with Edward Brockhaus & Co. for many years in the municipal and corporate trading department.

With First Southern

(Special to THE FINANCIAL CHRONICLE)

WEST PALM BEACH, Fla. — Morton S. Frankel has become affiliated with First Southern Investors Corp., Harvey Building.

Continued from page 53

THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Marshall-Wells Co. Manufactures & wholesales hardware & kindred lines [*1945]	9	12.00	256	4.7
Mar-Tex Realization Corp. Crude oil producer [1946]	8	0.10	3⅝	2.8
Maryland Casualty Co. Diversified insurance [1948]	6	1.20	28½	4.2
Maxson (W. L.) Corp. Electro-mechanical & electronics apparatus [1949]	5	†0.17	19¼	0.9
McCaskey Register Co. Cash registers; accounting machines [1945]	9	0.50	‡13½	3.7
Michigan Gas & Electric Operating public utility [1946]	8	†1.31	32	4.1
Minneapolis Gas Co. Natural gas distributor [1949]	5	1.15	23¾	4.8
Minnesota & Ontario Paper Newsprint [1947]	7	2.00	28⅞	6.9
Missouri Edison Co. Operating public utility [1946]	8	0.70	16	4.4
Mobile Gas Service Corp. Operating public utility [1945]	9	†0.90	17	5.3
Monroe Auto Equipment Co. Automotive & ry. parts [1948]	6	0.30	7¼	4.1
Moore-Handley Hardware Hardware wholesaler [1947]	7	0.45	6⅛	7.3
Morgan Engineering Co. Produces mills, cranes, etc. [1948]	6	1.70	18	9.4
National Motor Bearing Co. Makes lubricant seals [1946]	8	1.05	17	6.2
National Tank Co. Equipment for oil and gas fields [1947]	7	1.625	25¾	6.3
National Tool Co. Precision cutting tools [1945]	9	0.50	5	10.0
Nazareth Cement Co. Pennsylvania producer [1945]	9	2.00	28⅛	7.1
Nelson (N. O.) Co. Wholesaler of plumbing & other supplies [1947]	7	2.10	‡22	9.5
New England Gas & Electric Holding company [1947]	7	1.00	16	6.3
New England Lime Co. Lime manufacturing [1949]	5	0.75	‡16	4.7
New Haven Gas Co. Operating public utility in Conn. [*1946]	8	1.60	27¼	5.9
Norfolk & Southern Ry. Co. Virginia & North Carolina freight carrier [1948]	6	1.70	14	12.1
North American Refractories Fire brick & refractory materials [1947]	7	1.05	16	6.6
Northeastern Ins. of Hartford Diversified insurance [1947]	8	0.50	9½	5.3
Northwestern Leather Co. Makes shoe leather [1945]	9	1.40	14	10.0
Northwestern Public Service Electric and gas public utility [1947]	7	0.90	15⅝	5.8
Old Ben Coal Corp. Bituminous coal producer [1947]	7	0.20	5⅞	3.4
Olin Industries, Inc. Winchester arms, ammunition & explosives [1945]	9	1.00	49	2.0
Oxford Electric Co. Radio, TV speakers, transformers, [1946]	8	0.15	2¾	5.5
Oxford Paper Co. Makes high grade paper for books and magazines [1947]	7	1.00	15⅛	6.6
Pacific Intermountain Exp. Motor freight; Western States [1948]	6	2.00	34½	5.8
Paragon Electric Co. Automatic time controls [1948]	6	1.25	‡20½	6.1
Parker Appliance Co. Hydraulic and fluid system components—industrial and aircraft [1949]	5	0.90	13⅛	6.9
Pennsylvania Engin'g Corp. Steel mills; oil refineries; chemical plants [1947]	7	1.25	21	6.0
Permanente Cement Co. Large Western producer [1947]	7	1.55	27¼	5.7
Philadelphia Dairy Products Milk and allied products [1946]	8	2.00	31½	6.3
Pickering Lumber Corp. California, Louisiana and Texas holdings [1948]	6	1.80	22½	8.0
Porter (H. K.) Co. (Pa.) Industrial pumps; steam locomotive equipment [1946]	8	2.50	70	3.6
Portland General Electric Electric utility [1948]	6	p1.80	31⅞	5.6
Portsmouth Steel Corp. No longer oper. co. Holds interest in Detroit Steel Corp. [1947]	7	1.125	11¼	10.0
Prudential Trust Co., Ltd. General trust business [*1946]	9	0.50	15	3.3
Punta Alegre Sugar Corp. Holding company. Cuban interests [1945]	9	0.50	8¾	5.7
Queen Anne Candy Co. Bar and bulk candy [1949]	5	0.25	2¾	9.1
Red Top Brewing, Class A Cincinnati brewer [1946]	8	0.35	3½	10.0
RIVER BRAND RICE MILLS Leading rice miller & packager [1947] ● See company's advertisement on this page.	7	1.22	17¼	7.1
Rockwood & Co. Chocolate candy [1945]	9	1.50	‡62	2.4
Royal Dutch Petroleum (NY) Affiliated with producers of many nations [1947]	7	1.39	31½	4.4
Russell (F. C.) Co. Metal doors and screens; storm windows [1947]	7	1.20	8¼	14.5
Scranton-Spring Brook Water Operating public utility [*1946]	8	0.90	16⅛	5.6
Seattle Gas Co. Heat and fuel supplied [1949]	5	0.80	19¾	4.1
Seismograph Service Corp. Surveys for oil & gas industries [1946]	8	1.00	11⅛	9.0
Shakespeare Co. Fishing reels, rods, & lines [1946]	8	1.60	20½	7.8
Southdown Sugars, Inc. Operates Louisiana sugar plantation [1948]	6	1.00	33¼	3.0
Southeastern Public Service Natural gas supplier [1948]	6	0.50	7½	6.7
Southwest Natural Gas Co. Southern natural gas supplier [1947]	7	0.20	5⅞	3.4
Southwestern Elec. Service Electricity supplier [1946]	8	0.96	17½	5.5
Southwestern States Tel. Co. Operating public utility [1946]	8	1.09	18¾	6.0
Standard Fruit & Steamship Bananas [1947]	7	1.00	21	4.8
STATE LOAN & FINANCE, CL. A Personal finance business, Southern States [1948] ● See company's advertisement on this page.	6	0.85	14½	5.9

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation, Dec. 31 figure not available.
p While the actual dividends paid in 1953 amounted to $1.80 a share, the quarterly per share dividend rate has been increased to 50c thus putting the stock on a $2.00 a year basis.

THE BIGGEST STOCK MARKET IN AMERICA

Year in brackets indicates time from which consecutive cash dividends have been paid.	No. Yrs. Consecutive Dividends Paid	Cash Divs. Paid in 1953 Incl. Extras $	Quotation Dec. 31, 1953	Approx. % Yield Based on 1953 Div.
Stern & Stern Textiles — Silk, rayon & nylon fabrics [1948]	6	0.90	9½	9.5
Strawbridge & Clothier — Large Philadelphia department store [1947]	7	†0.98	20⅛	4.9
Stuart Co. — Pharmaceutical products [1949]	5	0.80	16	5.0
Suburban Propane Gas Corp. — Propane gas distributor [1946]	8	1.20	19½	6.2
Taylor & Fenn Co. — Grey iron alloy castings [*1945]	9	0.80	‡11	7.3
Taylor Instrument Cos. — Thermometer, barometers [*1946]	8	1.60	32½	4.9
Tele.-Electronics Fund, Inc. — Diversified investment fund of electronics securities [1949]	5	1.00	13¾	7.3
Temco Aircraft Corp. — Airplane manufacture [1948]	6	†0.33	6	5.5
Tenn., Ala. & Georgia Ry. Co. — Freight carrier [1947]	7	0.75	9½	7.9
Tennessee Gas Transmission — Wholesale natural gas [1948]	6	1.40	22¾	6.2
Tennessee Products & Chem. — Pig iron; methanol prods. [1947]	7	1.60	23½	6.8
Titan Metal Mfg. Co. — Brass and bronze rods [1947]	7	1.50	16⅝	9.0
Toro Manufacturing Corp. — Power driven mowers [1947]	7	1.40	20¼	6.9
Towmotor Corp. — Fork-lift truck [1945]	9	2.00	19¼	10.4
Union Lumber Co. — California redwood [1948]	6	1.00	18⅞	5.3
United Brick & Tile — Various types of brick; drain tile [1946]	8	0.50	23½	2.1
U. S. Shoe Corp. — Women's footwear [1945]	9	1.00	22½	4.4
U. S. Spring & Bumper Co. — Wide variety metal prods. [1947]	7	0.80	‡9½	8.4
Upper Peninsula Power — Operating public utility in Mich. [1948]	6	1.20	18⅛	6.6
Utah Southern Oil Co. — Oil exploration and development [*1948]	6	0.50	14¼	3.5
Van Camp Sea Food Co. — Cans tuna and other fish [1946]	8	0.40	8½	4.7
Vanity Fair Mills — Lingerie [*1948]	6	1.20	13¼	9.1
Vulcan Mold & Iron Co. — Ingot molds and plugs [*1947]	7	†0.29	4½	6.4
Warner Co. — Sand, gravel and lime products [1946]	8	2.50	34¾	7.2
Weber Showcase & Fixture — Store fixt.; soda fountains [1947]	7	0.40	‡6¼	6.5
Wells-Gardner Co. — Radios [1945]	9	0.75	6	12.5
West Virginia Water Service — Wholesale gas; retails water and ice [1945]	9	1.20	35½	3.4
Western Light & Tel. — Supplies electric, gas, water and telephone service [1946]	8	1.60	27⅛	5.9
Wilton Woolen Co. — Wool fabrics for auto industry [*1947]	7	0.40	2½	16.0
Winston & Newell Co. — Wholesale grocer [1948]	6	0.50	‡15¾	3.2
Wisconsin Hydro Electric Co. — Operating public utility [1948]	6	1.00	15¾	6.3
Wisconsin Power & Light — Electricity supplier [1946]	8	1.20	22½	5.3
Wood (Alan) Steel Co. — Production includes stainless steel [1948]	6	1.40	16⅛	8.7
Younker Bros. — Department stores in Midwest [*1947]	7	2.00	34	5.9

* Previous record, if any, not available.
† Adjusted for stock dividends and splits.
‡ Earlier quotation. Dec. 31 figure not available.

Continued from page 52

Common Stocks as Investments For Life Insurance Companies

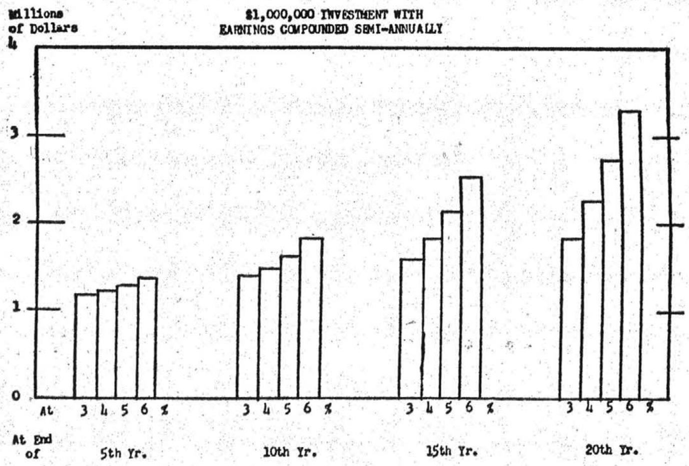
means that employment is also rising. Gross national product—goods and services—could come close to doubling. Automobiles would increase about 75%, and there ought to be 50% more homes in use. The electric utility industry seems confident that electricity use will treble. In short, with more mouths to feed there will be higher production, employment, and incomes—and higher dividends on our common stock investments.

In addition, there will be many new fields of activity and endeavor, which we, who are interested in common stocks, are watching carefully. To mention only a few, it would seem likely that a successful application in a peacetime way of atomic energy is a matter for the very near future. The field of electronics is also fraught with possibilities. Other groups, to mention a few at random, could be the non-ferrous metal industry, including such things as titanium, cadmium and aluminum. Then, of course, there is always the good old standby of chemicals and its allied groups such as the drug industry and even synthetic fibers. And, who knows but that someone may soon perfect an economic method of converting sea water to potable water. This would correct the serious water shortage which exists in some of our interior points and which, as you know, is becoming extremely critical in certain areas.

A talk on common stocks would not be complete without a forecast, and you are probably interested in my prediction. For what it is worth I will go "out on a limb" and say that the Dow-Jones Industrial Average will reach 400 before it touches 200.

Number of Years in Which Money Doubles at Different Semi-Annually Compounded Interest Rates

Interest Rate:	3%	4%	5%	6%	7%
Years:	23½	17½	14	11¾	10
	1st Yr.	5th Yr.	10th Yr.	15th Yr.	20th Yr.
Value of $1,000 Compounded:					
Semi-Annually at 5%	$1,051	$1,280	$1,639	$2,098	$2,685
Semi-Annually at 3%	1,030	1,161	1,347	1,563	1,814
Difference	$21	$119	$292	$535	$871
% of Original Invest. Earned:					
By Compounded Int. at 5%	5%	28%	64%	110%	169%
By Compounded Int. at 3%	3%	16%	35%	56%	81%



With Dixon Bretscher Co.

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Ill. — J. Cecil Sullivan has become associated with Dixon, Bretscher Noonan, Inc., First National Bank Building.

With Investors Planning

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Maxwell M. Harvey has become affiliated with Investors Planning Corporation of New England, Inc., 68 Devonshire Street.

Two With Keller & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—John J. Berry and Alan R. Chandler are now connected with Keller & Co., 53 State Street.

Joins Kidder, Peabody Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Sherley M. Rines has joined the staff of Kidder, Peabody & Co., 75 Federal Street.

With H. P. Nichols Inc.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Tora U. Oeafquist has joined the staff of H. P. Nichols, Inc., 53 State Street.

Lee Higginson Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Mrs. Georgia B. Cooke has been added to the staff of Lee Higginson Corporation, 50 Federal Street.

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Kenneth C. Bell, Vice-President and Cashier of the **Chase National Bank, New York**, has been placed in charge of the staff handling Chase's banking relationships in Canada, Percy J. Ebbott, President, announced. Mr. Bell succeeds Thomas H. McKittrick, Senior Vice-President, who retired March 31.

Mr. Bell's entire business career has been with the Chase National Bank, which he entered in 1919 following service in the U. S. Navy in World War I. He was appointed to the official staff as an Assistant Cashier in 1922 advanced to Second Vice-President in 1929, Vice-President in 1942, and Vice-President and Cashier in 1950.

* * *

CHASE NATIONAL BANK OF THE CITY OF NEW YORK

	Mar. 31, '54 $	Dec. 31, '53 $
Total resources	5,549,140,239	5,562,461,665
Deposits	5,048,692,486	5,062,087,048
Cash and due from banks	1,496,851,878	1,478,274,159
U. S. Govt. security holdgs.	952,080,766	926,919,119
Loans & discts.	2,294,239,737	2,393,667,410
Undivid. profits	56,164,844	52,321,381

* * *

Paul B. Murray has been appointed to the advisory board of the Brooklyn Office (50 Court Street) of **Chemical Bank & Trust Company, New York**, it was announced on April 2 by N. Baxter Jackson, Chairman.

CHEMICAL BANK & TRUST COMPANY, NEW YORK

	Mar. 31, '54 $	Dec. 31, '53 $
Total resources	1,895,091,708	2,006,636,863
Deposits	1,704,392,314	1,816,211,892
Cash and due from banks	546,112,661	591,062,560
U. S. Govt. security holdgs.	426,903,671	452,734,761
Loans & discts.	712,713,153	773,596,172
Undivid. profits	19,564,012	18,126,175

* * *

Frank C. Grady, Ivan F. Read, and Claude F. Shuchter have been appointed Assistant Secretaries of the **United States Trust Company of New York**, it was announced by Benjamin Strong, President.

Mr. Grady has been identified with investments since joining the bank in 1948, while Mr. Read and Mr. Shuchter are connected with the Trust Administration Department. Mr. Read has been with the Bank since 1927. Mr. Shuchter joined the Bank in 1946.

* * *

DeCoursey Fales, President of **The Bank for Savings in the City of New York**, announced that the assets of the Bank have reached the 400 million dollar mark.

As an indication of service to the public, the sum of 390 million dollars in consecutive interest dividends have been paid to depositors since the Bank started in 1819. The Bank for Savings was the first mutual savings bank in New York State and among the first in the country. Today, four offices in Manhattan serve more than 200,000 depositors.

* * *

At the regular meeting of the board of directors of **The National City Bank of New York** held on April 6, Edward A. Jesser, Jr., formerly an Assistant Vice-President, was appointed a Vice-President. Mr. Jesser is assigned to the Bank's Central Atlantic District of the Domestic Division at Head Office.

THE NATIONAL CITY BANK OF N. Y.

	Mar. 31, '54 $	Dec. 31, '53 $
Total resources	5,868,569,303	6,049,021,671
Deposits	5,326,864,855	5,538,214,433
Cash and due from banks	1,464,711,887	1,484,190,123
U. S. Govt. security holdgs.	1,370,412,757	1,539,876,061
Loans & discts.	2,263,264,271	2,368,582,461
Undivid. profits	55,609,736	72,966,329

CITY BANK FARMERS TRUST COMPANY, NEW YORK

	Mar. 31, '54 $	Dec. 31, '53 $
Total resources	144,156,396	136,091,352
Deposits	107,220,577	98,914,696
Cash and due from banks	34,404,578	34,728,092
U. S. Govt. security holdings	74,991,014	69,605,745
Loans & discounts	9,508,341	6,054,557
Undivided profits	12,020,336	11,789,641

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GUARANTY TRUST CO. OF NEW YORK

	Mar. 31, '54 $	Dec. 31, '53 $
Total resources	2,951,737,904	2,972,598,720
Deposits	2,503,133,745	2,529,952,092
Cash and due from banks	737,011,202	678,498,138
U. S. Govt. security holdgs.	683,749,521	742,993,429
Loans & discts.	1,333,660,185	1,405,297,410
Undivid. profits	94,868,600	90,884,015

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MANUFACTURERS TRUST COMPANY, NEW YORK

	Mar. 31, '54 $	Dec. 31, '53 $
Total resources	2,827,499,202	2,933,112,690
Deposits	2,506,516,171	2,699,398,711
Cash and due from banks	812,458,501	882,219,593
U. S. Govt. security holdgs.	818,864,060	833,048,305
Loans & discts.	857,058,974	917,612,832
Undivid. profits	31,755,863	29,279,761

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THE HANOVER BANK, NEW YORK

	Mar. 31, '54 $	Dec. 31, '53 $
Total resources	1,746,800,273	1,842,154,414
Deposits	1,563,940,323	1,656,719,012
Cash and due from banks	478,325,705	484,286,064
U. S. Govt. security holdgs.	543,372,951	572,229,541
Loans & discts.	638,680,984	795,434,240
Undivid. profits	19,720,585	22,220,580

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IRVING TRUST COMPANY, NEW YORK

	Mar. 31, '54 $	Dec. 31, '53 $
Total resources	1,482,850,327	1,487,396,547
Deposits	1,333,207,921	1,323,864,572
Cash and due from banks	412,974,067	395,600,967
U. S. Govt. security holdgs.	377,004,444	373,250,363
Loans & discts.	578,367,298	607,671,482
Undivid. profits	17,864,210	17,513,424

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BANK OF THE MANHATTAN COMPANY, NEW YORK

	Mar. 31, '54 $	Dec. 31, '53 $
Total resources	1,479,939,919	1,435,342,124
Deposits	1,323,583,821	1,293,606,987
Cash and due from banks	429,901,357	398,538,094
U. S. Govt. security holdgs.	365,118,180	324,376,950
Loans & discts.	569,038,051	622,338,695
Undivid. profits	17,896,881	17,266,269

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CORN EXCHANGE BANK TRUST CO., NEW YORK

	Mar. 31, '54 $	Dec. 31, '53 $
Total resources	801,742,018	830,021,173
Deposits	745,557,276	774,712,761
Cash and due from banks	216,390,229	236,598,915
U. S. Govt. security holdings	340,558,680	334,146,182
Loans & discounts	192,999,756	215,578,840
Undivided profits	6,880,541	6,388,443

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THE NEW YORK TRUST CO., N. Y.

	Mar. 31, '54 $	Dec. 31, '53 $
Total resources	781,839,412	773,727,082
Deposits	690,399,839	678,684,363
Cash and due from banks	217,694,718	202,285,252
U. S. Govt. security holdings	200,029,155	215,044,675
Loans & discounts	326,170,364	327,213,800
Undivided profits	14,937,577	14,352,161

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J. P. MORGAN & CO. INCORPORATED

	Mar. 31, '54 $	Dec. 31, '53 $
Total resources	775,218,016	797,390,192
Deposits	688,154,905	687,570,699
Cash and due from banks	165,346,075	197,683,851
U. S. Govt. security holdings	217,957,979	238,456,673
Loans & discounts	299,659,975	285,688,826
Undivided profits	14,649,131	13,633,263

* * *

FIRST NATIONAL BANK OF THE CITY OF NEW YORK

	Mar. 31, '54 $	Dec. 31, '53 $
Total resources	687,899,411	730,759,723
Deposits	517,255,530	579,832,884
Cash and due from banks	137,399,130	158,121,152
U. S. Govt. security holdings	179,747,825	170,878,809
Loans & discounts	235,119,136	269,330,278
Undivided profits	12,543,563	12,342,011

THE PUBLIC NATIONAL BANK AND TRUST COMPANY OF NEW YORK

	Mar. 31, '54 $	Dec. 31, '53 $
Total resources	511,587,159	546,341,168
Deposits	456,549,777	490,903,236
Cash and due from banks	119,560,369	153,737,410
U. S. Govt. security holdings	82,212,919	91,222,015
Loans & discounts	263,625,024	258,764,563
Undivided profits	10,379,711	12,517,723

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THE MARINE MIDLAND TRUST COMPANY OF NEW YORK

	Mar. 31, '54 $	Dec. 31, '53 $
Total resources	461,259,136	500,385,658
Deposits	421,792,312	458,719,376
Cash and due from banks	146,621,646	175,814,093
U. S. Govt. security holdings	104,502,910	115,012,181
Loans & discounts	196,776,121	195,780,557
Undivided profits	6,592,913	6,354,517

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BROWN BROTHERS HARRIMAN & CO., NEW YORK

	Mar. 31, '54 $	Dec. 31, '53 $
Total resources	225,965,244	234,811,308
Deposits	194,948,523	203,026,084
Cash and due from banks	52,927,654	59,440,816
U. S. Govt. security holdings	57,618,254	58,455,044
Loans & discounts	44,812,160	45,879,229
Capital and surplus	14,345,284	14,325,284

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THE STERLING NATIONAL BANK & TRUST COMPANY OF NEW YORK

	Mar. 31, '54 $	Dec. 31, '53 $
Total resources	136,067,294	149,512,917
Deposits	125,441,065	138,814,038
Cash and due from banks	33,847,965	36,483,219
U. S. Govt. security holdings	44,743,475	53,241,508
Loans & discounts	50,921,454	52,301,726
Undivided profits	1,441,733	1,409,686

* * *

GRACE NATIONAL BANK OF NEW YORK

	Mar. 31, '54 $	Dec. 31, '53 $
Total resources	125,749,087	139,867,701
Deposits	106,323,380	117,771,112
Cash and due from banks	33,761,982	39,984,818
U. S. Govt. security holdings	38,294,295	45,556,381
Loans & discounts	42,175,786	42,994,491
Undivided profits	1,116,110	980,286

* * *

J. HENRY SCHRODER BANKING CORPORATION, NEW YORK

	Mar. 31, '54 $	Dec. 31, '53 $
Total resources	102,028,980	103,370,414
Deposits	70,479,118	72,805,175
Cash and due from banks	10,827,463	10,010,853
U. S. Govt. security holdings	42,865,932	47,844,211
Loans & discounts	21,594,435	20,865,393
Undivided profits	2,554,627	2,504,552

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SCHRODER TRUST COMPANY, NEW YORK

	Mar. 31, '54	Dec. 31, '53
Total resources	$77,346,316	$69,808,030
Deposits	70,884,856	63,150,798
Cash and due from banks	15,049,562	13,023,288
U. S. Govt. security holdings	51,505,122	45,281,078
Loans & discounts	9,745,067	10,585,486
Undivided profits	1,502,782	1,402,743

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CLINTON TRUST COMPANY, NEW YORK

	Mar. 31, '54	Dec. 31, '53
Total resources	$33,152,840	$33,134,994
Deposits	30,761,801	30,730,269
Cash and due from banks	8,336,242	8,528,626
U. S. Govt. security holdings	13,572,917	12,368,200
Loans & discounts	8,661,648	9,710,033
Surplus and undivided profits	1,121,017	1,098,086

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Payment of $4,262,000 as its 231st consecutive dividend was made on April 6 to 301,159 depositors by **The Dime Savings Bank of Brooklyn, New York**, it was announced by George C. Johnson, President. This is the largest dividend in the Bank's 94-year history.

Today's payment includes the regular quarterly dividend at a rate of 2½% a year, plus an extra dividend for the quarter at an annual rate of ¼ of 1%. This is the second successive quarter for which an extra dividend has been paid by "The Dime" since the State Banking Board removed the ceiling on dividend rates for savings banks last October.

* * *

The Federation Bank and Trust Co., now operating at two sites in Manhattan, will open a Queens branch at 41-84 Main Street, Flushing, on April 10. Thomas F. Goldrick, a Vice-President of the bank, will head the new branch.

George Vorndran, an employee of the **Lincoln Savings Bank, Brooklyn, N. Y.**, was presented with an inscribed gold watch at a luncheon in the Bank tendered him by officers and trustees on April 6th, in recognition of 25 years of service with that institution.

Erwin Bortscheller, President, and Frederick Siefering, Vice-President of Lincoln's 25-year club, were on hand to welcome Mr. Vorndran into the quarter century club which now has 54 members, 18 of whom are retired.

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Sigurd C. Olsen has joined the **Lafayette National Bank of Brooklyn, N. Y.** as Assistant Cashier in charge of the Bank's consumer credit department, it was announced on April 1 by Walter Jeffreys Carlin, President.

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Shareholders of **The Brockton National Bank, Brockton, Mass.**, as of March 23 voted to increase the common capital by 5,000 shares to be issued at $20 per share, a total of $100,000 of new capital.

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The National Bank of Ford City, Pennsylvania, with common capital stock of $100,000 went into voluntary liquidation, effective March 20 and was absorbed by **Mellen National Bank and Trust Company, Pittsburgh, Pennsylvania**, at the close of business the same day.

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THE PHILADELPHIA NATIONAL BANK, PHILADELPHIA, PA.

	Mar. 31, '54 $	Dec. 31, '53 $
Total resources	902,348,179	886,249,009
Deposits	817,461,282	803,515,380
Cash and due from banks	260,730,412	289,440,691
U. S. Govt. security holdings	196,030,168	181,554,523
Loans & discounts	326,070,045	315,437,456
Undivided profits	11,545,100	16,546,815

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A public offering of 207,312 shares of **The Bank of Virginia, Richmond, Va.**, capital stock, $10 par value, was made on April 6 by a group headed by J. C. Wheat & Co. and Eastman, Dillon & Co. The stock is priced at $20.25 a share. The shares were purchased by the underwriting group from The Morris Plan Corporation of America and represent approximately 57% of the Bank's issued and outstanding stock, the balance being held publicly.

Dividends have been paid on the Bank's stock in each year since 1924, being at the annual rate of 67 cents a share since 1950. According to the offering circular, the Bank's directors intend to pay 25 cents a share quarterly, the first such payment being made on April 1, 1954.

The Bank of Virginia is the fourth largest bank in the State. On Dec. 31, 1953, total resources amounted to $100,018,000. Through 12 offices in six cities, the Bank renders comprehensive individual and commercial banking service.

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Ursula Noonan, member of the **Pullman Trust & Savings Bank, Chicago, Ill.**, staff since July, 1936, was elected Assistant Secretary, it was announced by Bartholomew O'Toole, President. Miss Noonan, who is Secretary to Paul E. Pearson, First Vice-President and Secretary of the Bank, is the first woman officer in the 71-year history of the Bank. As assistant to Mr. Pearson, she handles the various corporate records of the Bank.

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Albert Wagenfuehr was elected a Vice-President of **First National Bank in St. Louis** at a meeting of the board of directors on March 30.

Mr. Wagenfuehr, who recently announced his resignation as Chairman of the Executive Committee and a Director of **Boatman's National Bank of St. Lou's**, will begin his new duties May 1.

Mr. Wagenfuehr has been associated with Boatman's Bank since 1911. He was elected Vice-President in 1926, a Director in 1934 and Chairman of the Executive Committee in 1947.

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Kenton R. Cravens, former administrator of the Reconstruction Finance Corporation, was elected President and a Director of the **Mercantile Trust Company, St. Louis, Missouri.** He succeeds Gale F. Johnston, Vice-Chairman, as President.

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The **Anglo-California National Bank of San Francisco, Calif.** on April 5 marked its 81st anniversary.

One of the old banks of the West, Anglo was incorporated on April 5, 1873, as the Anglo-Californian Bank, Limited. Its first office was located at the northeast corner of California and Leidesdorff Streets in San Francisco. The bank grew out of an importing business that was established in San Francisco in 1850 and that gradually entered the banking field.

Anglo Bank today has 35 offices in 20 Northern and Central California cities stretching from Redding to Taft. Its assets exceed three-quarters of a billion dollars and it serves approximately 300,000 depositors.

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It is with much regret that we have to announce that the Earl of Athlone, by reason of advancing years, has resigned his seat on the Board of **The Standard Bank of South Africa, Limited**, and of its auxiliary, The Standard Bank Finance & Development Corporation Ltd., as from 31st March 1954.

Lord Athlone first became a Director of the Bank in 1931, and in accepting his decision with profound reluctance, the Directors in London recorded their warm appreciation of the long and valuable services which he has rendered to our Institution.

Doremus-Eshleman Appoints Two

PHILADELPHIA, Pa. — Doremus-Eshleman Co., Philadelphia advertising and public relations firm, announces the appointment

Elizabeth E. Raftery Philip R. Livingston

of Philip R. Livingston to the newly created post of Director of Financial Advertising. The firm also announced the promotion of Miss Elizabeth E. Raftery to the position of Production Manager. Doremus-Eshleman Co. was formed Jan. 2, 1953, through the merger of the Philadelphia office of Doremus & Company and the Benjamin Eshleman Co.

Mr. Livingston in his new position will supervise and service all financial accounts of the Philadelphia agency. He has been associated with Doremus since 1947 when he joined the Philadelphia office as an account executive.

Miss Raftery, widely known in the graphic arts field, has been associated with the Benjamin Eshleman Co. since 1938 and Assistant Production Manager since 1943.

With Marache, Dofflemyre

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Stuart Peters has become affiliated with Marache, Dofflemyre & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange.

IBA to Promote Sales of U. S. Treasury H Bonds

T. Jerrold Bryce, of Clark, Dodge & Co., President of the Investment Bankers Association of America, announces a nation-wide campaign of the Association to aid Treasury in reaching a larger audience for its Series H Savings Bonds.

It was announced on April 1 by T. Jerrold Bryce, Clark, Dodge & Co., New York, President of the Investment Bankers Association of America, that a nation wide sales promotion campaign to help the U. S. Treasury reach a larger audience for its series H savings bonds has been launched by the Association.

T. Jerrold Bryce

Mr. Bryce made the announcement at a dinner meeting, held in his honor at the Blackstone Hotel, Chicago, and scheduled as a part of the two day 18th Annual Conference sponsored by the Central States Group of the IBA March 31 and April 1. He pledged the full support of the IBA members in carrying the savings bond message to every portion of the investor market throughout the country.

Local savings bonds committees have been appointed in 17 groups of the Association, the IBA President said, and each group will develop its own series H savings bond campaign. "Each campaign promotion will include," Bryce stated, "local newspaper advertising on both a Group and individual firm basis that will feature; the advantages of the Treasury's series H savings bonds; wide distribution of series H savings bonds descriptive material and the recommendation of series H bonds to clients and other citizens in the course of giving financial advice." More than 1,800 investment banking offices across the country are participating in the Association's promotional effort.

Sales of the U. S. series H savings bonds have already skyrocketed over last year. American citizens have purchased during January and February of this year $161½ million worth, an increase of 110% over the corresponding period for 1953.

Mr. Bryce emphasized that the vigorous and wide-spread sale of series H savings bond "dovetails into the Treasury's sound money policy designed to establish relative stability to the American dollar and distribute widely our national debt. If the Treasury is to realize its savings bonds quota this year of close to $5½ billion, then every effort must be made to call the people's attention to the attractiveness of the series H savings bond and the necessity for its wide-spread sale. We hope that through our efforts on a local and national level we can assist the Treasury to realize its 1954 sales objectives."

The series H savings bond is the companion piece to the series E. Instead of its accruing interest, however, interest is returned in semi-annual interest checks. Like the series E bond, it matures in nine years and eight months, and returns 3% interest per annum if held to maturity.

Business Activity Increasing in Mexico

Harvey L. Schwamm, President of American Trust Company of New York, tells Foreign Credit Interchange Bureau dollar exchange situation is best in Western Hemisphere and there is every indication of continued strength for the peso.

Speaking at the Round Table Luncheon of the Foreign Credit Interchange Bureau in New York City on March 16, Harvey L. Schwamm, President of the American Trust Company, New York, who during the last year made several trips to Mexico, reported that business activity in that country was on the increase and the dollar exchange situation improving.

Harvey L. Schwamm

"My enthusiasm forces me to say a very few words about the general economic situation in Mexico. After a decrease in economic activity, reflecting a general decline in world commodity prices and accentuated by the deliberate contraction of public spending instituted at the early part of the present administration's term in office, business activity is again on the increase.

"For the specific interest of the exporter, I can unequivocally say that the dollar exchange situation to be found in the Mexican market is surely one of the best in the western hemisphere, if not in the world. There is absolutely no control of exchange and the peso has maintained its strength all year. As every one present undoubtedly knows, the buying rate at 8.60 to the dollar represents a slight premium over the official rate of 8.65. The gold and dollar reserves of the country, while down from the all-time highs of Spring 1953, are still at levels approximately equal to those of a year ago.

"As to the future, it seems safe to say that there is every indication of continued strength for the peso. The exchange availability picture has some very encouraging aspects: (1) the improvement of irrigation facilities will greatly increase agricultural yields and will continue Mexico's ever-increasing importance in the world cotton market; (2) the stiffening of metal prices and the rapid rise of coffee prices will substantially increase export revenues as coffee represents about 10% of total exports, while lead, copper and zinc account for approximately 25%. Moreover, the continual increase in productivity, and the arrest of inflation, which has been the task of the present administration—and one which can be said was successful—are also strong points in favor of Mexico's currency.

"The collection experience in Mexico continues to be one of the best in all Latin America and is generally improving. During the past year there was a tendency towards slowness following the general decline in business activity throughout the country. However, a close examination of the statistics will disclose that the slowness was generally concentrated in agricultural areas which suffered from the drought. However, much has been done to combat this situation. The Mexican Government, with assistance from our own government in specific locations, has completed irrigation projects which will much improve the water situation and thereby, of course, the general economic situation of the affected areas.

"The subject of export credit terms is one which is most important and is closely related to the future outlook for exports to the Mexican market. At present, all credit terms will be found in sales to this market, ranging from open account to confirmed letters of credit. However, it is my contention, and I believe the evidence will bear me out, that unless the United States exporters are prepared to give more liberal credit terms they will lose a share of the Mexican market. While it is true that during 1953 the United States remained Mexico's most important supplier of goods and that the United States bought the greatest part of that country's exports, we are losing our position in the Mexican market. Mexican embassies and legations all over the world are carrying out a program advertising their exports and are also handling offers of foreign producers interested in selling to Mexico. Steps have already been taken to sign new trade pacts (in addition to those already in effect) with Brazil, Canada, Costa Rica, Czechoslovakia, Chile, El Salvador, France, Italy, Israel, the Netherlands, Dominican Republic, Switzerland, Yugoslavia and the Benelux countries. Moreover, the lobbies of Mexico City's leading hotels have been the scene of meetings of trade delegations from all over the world. The figures show the steady inroad of European sellers into the Mexican market and the answer seems to be the credit terms which are being offered. My bank was involved in a multi-million dollar deal which was lost to American manufacturers because a European firm was selling on six-year terms with no money down. I must say, however, that United States exporters are beginning to take cognizance of this situation. At a recent meeting of your association, it was brought out that there are many firms who are now selling to Mexico on open account terms. I can't repeat often enough that if we are to maintain our position in the Mexican market, and if, I may add, in the world market in general, we must be prepared to change our attitude towards our export credit terms. In this respect, I would like to recommend that the government should assume a role in this field—a role which many other governments have assumed and which have made possible the more liberal credit terms of our foreign competitors. What I specifically suggest is that the government take the necessary steps, including appropriate legislation if required, to make the long-term paper arising out of export transactions readily rediscountable. The deal of which I spoke above was lost to the United States because the Central Banks of several European governments were willing to rediscount the long-term export paper of their manufacturers.

"In closing I can say that conditions in Mexico are good and provide an excellent market for American exporters if—and the if is a big one—we are competitive—and this means competitive credit terms."

Railroad Securities

Comparative Figures on Net Operating Income Of 45 Roads

Last week we discussed the importance of transportation costs as a measure of the relative status of, and outlook for, the individual railroads, and presented a tabulation of transportation ratios in recent years for 45 railroads. While transportation ratios are very important they are by no means the only cost factor bearing on earnings. Maintenance charges are also important, even though it is true that they may be controlled more readily, at least temporarily, in line with management whim. There are general office expenses and the costs of soliciting traffic. There are property taxes that in many instances are fixed regardless of the level of traffic or earnings. Finally, there are debits or credits for hire of equipment and for joint facility rents.

The sum total of all of these costs determines the profit margin of the individual property. This is the percent of gross carried through to net operating income before Federal income taxes. In the tabulation below we show for the Class I carriers as a whole, and for the same 45 roads that were included in last week's article, profit margins for the past four years and for the prewar year 1941. In this table the roads are listed in descending order of their 1953 profit margins. With respect to these profit margins it should be borne in mind that many roads receive considerable non-operating income in the form of oil operations, dividends on stocks held, etc. Such income is not reflected in the profit margin.

This tabulation demonstrates dramatically why it is impossible to consider railroads as presenting a single overall investment problem. It takes little imagination to realize that a road consistently realizing a profit margin of 25% is far better equipped to withstand a decline in traffic or absorb higher wages than is a road that has been able to carry only 5% of its gross through. Obviously it is not feasible to take the performance in any single year as a criterion of the relative status of any individual property. Operations in any specific year may be distorted by extraordinary temporary factors such as strikes, over or under maintenance, weather, etc. What is significant is the long-term performance and the trend.

PROFIT MARGINS

Percent of Gross Carried to Net Operating Income Before Federal Income Taxes

	1941 %	1950 %	1951 %	1952 %	1953 %
Western Maryland	30.5	31.5	30.2	29.8	33.1
Virginian	49.8	40.8	38.6	35.2	31.6
Denver & Rio Grande West.	17.4	21.7	26.2	25.3	27.2
Norfolk & Western	44.0	31.4	31.4	27.7	27.2
St. Louis Southwestern	26.9	33.0	30.2	36.1	26.9
Kansas City Southern	24.1	30.7	29.9	30.4	25.8
Southern Railway	27.7	21.7	18.5	23.3	24.8
Western Pacific	19.1	29.6	28.3	23.3	24.8
Louisville & Nashville	29.2	23.1	19.8	20.3	24.1
N. Y., Chicago & St. Louis	32.1	28.6	23.7	25.5	24.0
Chesapeake & Ohio	35.8	25.4	24.2	23.8	23.1
Atchison, Topeka & Santa Fe	22.9	27.0	18.9	24.0	22.0
Texas & Pacific	25.0	21.5	20.8	23.9	21.8
Seaboard Air Line	15.6	19.5	18.7	20.5	21.1
Chicago Great Western	17.5	15.3	12.3	15.9	19.3
Chicago, Rock Isl. & Pac.	18.2	16.6	13.1	18.5	19.3
Illinois Central	19.0	19.5	15.5	18.4	19.1
Delaware & Hudson	25.8	17.6	17.0	18.9	18.9
Chic., Burlington & Quincy	18.7	25.2	20.5	20.2	18.7
Gulf, Mobile & Ohio	14.8	19.3	17.6	19.2	18.4
St. Louis-San Francisco	19.9	20.8	17.0	19.9	18.2
Great Northern	27.2	19.4	16.6	17.1	17.9
Reading	25.3	15.9	16.3	18.1	17.1
Wabash	19.8	18.0	14.9	17.3	17.1
Missouri-Kansas-Texas	11.4	18.6	14.7	18.1	15.8
Class I Weighted Average	21.9	17.3	14.5	16.0	15.4
Lehigh Valley	19.1	13.7	15.3	16.6	14.4
Delaware, Lackawanna & W.	18.5	13.6	12.0	15.7	14.3
Union Pacific	14.9	20.0	16.1	16.0	14.3
Chicago & Eastern Illinois	12.6	17.8	14.1	15.2	14.0
Erie	20.9	17.4	15.1	14.0	14.0
Southern Pacific	19.8	16.7	13.4	16.6	13.9
New Orleans, Tex. & Mex.	23.1	18.5	15.6	16.9	13.5
Northern Pacific	25.1	21.9	15.2	13.1	12.8
Baltimore & Ohio	21.6	12.2	11.0	12.6	11.9
Central of Georgia	19.9	6.5	5.1	9.6	11.2
Missouri Pacific	21.5	18.2	11.3	14.7	9.9
Central RR. of New Jersey	11.7	10.9	7.0	8.6	8.3
Pennsylvania	20.0	7.6	6.6	8.2	8.2
New York Central	14.7	6.9	5.4	6.8	8.1
Boston & Maine	19.3	11.3	7.5	8.3	7.3
N. Y., New Haven & Hartf'd	16.0	10.4	6.5	7.2	6.5
Chic., Milw., St. Paul & Pac.	20.2	13.1	8.5	8.6	6.1
Atlantic Coast Line	20.5	12.7	11.8	10.8	6.0
Chicago & North Western	17.4	6.5	3.9	4.3	4.1
Minn., St. Paul & S.S. Marie	11.8	10.0	7.6	6.2	3.5

The industry as a whole last year showed a profit margin of 15.4%, a slight deterioration from a year earlier. Individual performances ranged from a high of 33.1% for Western Maryland to a low of 3.5% for Minneapolis, St. Paul & S. S. Marie. Despite the high level of business that characterized 1953 as a whole, it will be noted that ten of the roads in the list failed to carry as much as 10% of gross through net operating income before Federal income taxes. There were, on the other end of the scale, six roads with profit margins above 25%. There were 12 companies that were able to increase their profit margins last year, and three were unchanged. Profit margins of Atlantic Coast Line and Missouri Pacific were off particularly sharply but it is indicated that excess maintenance was an important factor in both instances.

In comparing the showing last year with the prewar year 1941 it will be noted that 11 roads were able to increase their profit margins and two maintained the same margin. It is interesting to observe that virtually all of the favorable comparisons were achieved by the Western and Southern carriers. The exceptions, representing the East, were Chicago & Eastern Illinois and Western Maryland.

Continued from page 3

The Supply of and Demand for Long-Term Investment Funds

ury (including purchases, sales, exchanges, replacement of maturing securities, and letting maturities run off without replacement), as may be necessary, in the light of current and prospective economic conditions and the general credit situation of the country, with a view to exercising restraint upon inflationary developments, to correcting a disorderly situation in the government securities market, to relating the supply of funds in the market to the needs of commerce and business, and to the practical administration of the account";

June 11, 1953

"(1) **Authority to Effect Transactions in System Accounts.**" The Committee adopted the following directive to the Executive Committee:

". . . prospective economic conditions and the general credit situation of the country, with a view (a) to relating the supply of funds in the market to the needs of commerce and business, (b) to avoiding deflationary tendencies without encouraging a renewal of inflationary developments (which in the near future will require aggressive supplying of reserves to the market), (c) to correcting a disorderly situation in the government securities market, and (d) to the practical administration of the account";

Sept. 24, 1953

"(1) **Authority to Effect Transactions in System Account.**" The following directive to the Executive Committee was approved:

". . . prospective economic conditions and the general credit situation of the country, with a view (a) to relating the supply of funds in the market to the needs of commerce and business, (b) to avoiding deflationary tendencies, (c) to correcting a disorderly situation in the government securities market, and (d) to the practical administration of the account";

Dec. 15, 1953

"(1) **Authority to Effect Transactions in System Account.**" The following directive to the Executime Committee was approved:

". . . prospective economic conditions and the general credit situation of the country, with a view (a) to relating the supply of funds in the market to the needs of commerce and business, (b) to promoting growth and stability in the economy by actively maintaining a condition of ease in the money market, (c) to correcting a disorderly situation in the government securities market, and (d) to the practical administration of the account; . . ."

Whether or not there was a change in policy is for you to decide.

I think it is quite obvious and apparent to us all that bankers as a group are in favor of easy money. I am reminded of the prices of our government securities in the latter part of May of last year when the 3¼s were selling at 98½ and the Victory and Bank 2½s were trading at 89¾s. The moaning and groaning of the portfolio officers could be heard from here to Sedalia, Mo. Some of the smaller institutions were in serious difficulties. They were faced with a substantial red figure in their investment account. Believe me, today the atmosphere is entirely different and the portfolio officer is able to enjoy a good night's rest because his investment account is now in the black.

I am pleased to submit for your consideration excerpts from letters which I have received from top portfolio officers with whom I have daily contacts.

From one of the large savings banks in Buffalo—

"Our investment policy for 1954 is based primarily around the extension of our mortgage portfolio from its present 62% to 65% of total assets. The amount of mortgages needed to replace our yearly amortization of around $20 million on present mortgages outstanding, together with the above mentioned overall increase which amounts to about $25 million, will require some $45 million in new mortgages during the year. Since our estimated deposit increase should run around $20 million, there will be a deficit of funds for mortgage requirements, necessitating the sale of approximately $5 million securities. Deposit increase in January, and so far in February, is running behind that of last year.

"We contemplate the sale of at least part of our corporate bonds to provide funds for these mortgages, and against U. S. Treasury bonds when the respective spreads are satisfactory.

"Our preferred stock portfolio will probably remain unchanged on balance and we will continue to make regular monthly purchases of commons on a dollar averaging basis through the Institutional Investors Mutual Fund.

"Our municipal holdings will most likely be reduced slightly inasmuch as we are no longer taxable. As our mortgage holdings increase more emphasis will be placed on our cash and short-term governments."

A Rochester savings bank says—

"In answer to your recent inquiry, I shall attempt to project as of the persent time our ideas regarding our investible funds for the current year.

"Initially, it does not appear that we shall make any change in our short-term government position inasmuch as we now have the assurance that our December 2s of 1954 are not to be called, and the present privilege of maintaining 30-day money at the Savings Banks Trust Company at 2%.

"New government financing involving rights on any issue which we presently own will be considered individually when and if they are offered.

"It is not anticipated that we will sell governments for mortgage financing.

"Until we have a further clarification of our taxable status for our present fiscal year, it is not expected that we will purchase any tax exempt securities.

"By the same token, with interest rates being lowered as is the present indication, long-term utilities and rails will not hold out any appeal to us.

"High grade preferred stocks, even without the 85% tax exemption, will continue to be attractive to us, and it is expected that we will continue to increase our holdings at appropriate times and at desirable price levels.

"It is the bank's objective to maintain our mortgage portfolio between 65 and 70% of deposits and, in so doing, local mortgages have our first consideration including conventional types, FHA and GI's.

"If local demand does not absorb our continuing increase in deposits, out-of-town purchases on insured FHA's will be used to absorb the balance of our mortgage financing.

"Should the deposit trend reverse itself, we believe that the monthly amortization of our $91½ million mortgage account would take care of a large percentage of our normal deposit decline.

"This is, as I see it, a brief resume of our picture at the present time."

From one of the largest savings banks in the United States—

"We have attained the maximum mortgage investment that we want. We do not like buying corporate bonds on a 3% basis even if the best we had to look for in governments is a yield of 2.71. We have been told we will be offered a government security at a better rate than the presently longest government bond. We will sell corporates and buy governments at advantageous spreads."

This is what an up-state savings banker says—

"We are going to maintain approximately our present percentage in mortgages which is 62% of our invested assets. We are going to buy $1,000,000 in common and $1 million in preferred stocks during the year 1954. We will acquire a modest amount of corporates and long-term government bonds during the year."

A Syracuse savings bank offers the following—

"We plan to put $13,400,000 into mortgages for the year 1954. $6,100,000 of this will be new money. (We have written mortgage commitments until March, 1955.) This will leave us with less than $200,000 to put into the bond market which I believe will be commitments in tax-exempts. We will also shift three to three and one-half million of corporate bonds into tax-exempts during the year."

The following is from a savings bank in Troy—

"A good deal of our money will go into conventional mortgages (we are getting 4½% generally and in some instances 5%)—with the balance of our money we will probably buy U. S. Treasury long bonds. This could run to $2 million."

One of New York City's largest savings banks says—

"We will proceed in our program which includes buying $100,000 of common stock per month. We will buy what mortgages we can get (we prefer conventionals)—with the surplus money we will buy corporate bonds."

A Brooklyn savings bank reports as follows—

"We will use our money for the year 1954 as follows:

"(1) 75% in mortgages.
"(2) Preferred stocks.
"(3) Municipals.
"(4) Some corporates.

"There is a very strong possibility that mortgages will not be as available as they have been in the past and if that is the case we will temporarily put our money in government securities."

I would like to mention to you a conversation which I had recently with Joseph Kaiser, the President of the Williamsburgh Savings Bank in Brooklyn. I asked Mr. Kaiser his opinion on the possibility of premium payments for local FHA and VA mortgages and I am pleased to be able to use his comments. "The time is fast approaching when premiums will be paid for FHA and VA loans. Already some banks are absorbing closing costs."

From the Vice-President of a

savings bank in New York City, the following—

"Our deposits for the first quarter of 1954 will be up over $20 million, which represents a 10% increase in the assets of our bank since December, 1953. We had a substantial investment program for the month of January, and the average return on our investments was 3.14%. My projections indicate that the average investment yield of our commitments for the year 1954 will be about 3.35%. We have a common stock investing program which is based on dollar averaging over a seven-year period.

"Our investment program for the year 1954 will be divided as follows: 25% in long-term governments, 7½% in other bonds and stocks, and 65% in mortgages. These mortgages will consist primarily of FHAs and VAs, and 75% of them will be on out-of-town properties."

The following is from a small life insurance company—

"It looks at the moment that we will put 50% of our money in mortgages, possibly the balance will go into private deals, corporate bonds and to some extent municipal revenue bonds."

One of the big insurance companies says—

"I think we will put 60% of our money in private corporate deals and 35% in mortgages—the balance in real estate and policy loans. The new money flow in 1954 is already 95% committed."

A large out of town life insurance company offers this—

"50% of our money is already committed (private deals). We are all set for the first six months of 1954. I do not think that there will be enough new issues to supply the demand for the last six months of this year."

One of the largest savings and loan associations in New York State—

"We hope that we are going to place most of our money in mortgages and if we have more funds than mortgages available, we probably will buy some government securities."

One of the largest mutual insurance companies in New York State—

"Our money for the next several months will go into short and medium term governments and municipals and a small amount in common and preferred stocks. The corporate bond market appears too high to me."

A very large group of casualty companies in a recent letter to me says—

"We will add long-term governments, Canadians, municipals, preferred and common stocks in that order."

From a medium sized fire insurance company, the following information—

"We do not plan to increase our common stock portfolio for the year 1954. We may buy a modest amount of preferred stocks (say $500,000 to $1 million). Beyond this any new money will go into short and medium term government bonds with a possibility of modest commitments in municipal obligations."

Some excerpts from one of the managers of the largest pension funds in the world—

"(1) We probably will invest more money in 1954 than in 1953.

"(2) We will in all probability put more money in common stocks in 1954 than we did in 1953.

"(3) We will continue to buy high-grade corporate bonds (both public and private), and **this will be the backbone of our investment program.**

"(4) We do not expect to be sellers of governments on balance this year — we might be modest buyers.

"(5) If the Treasury offers a 3% long bond it will be attractive to us."

Another very large pension fund says—

"We will put the major part of our money in corporate bonds. I do not think we will buy governments. Some small percentage of our monies will go into equity commons."

In the Annual Report of the City of New York it was stated that on June 30, 1953, the city had total assets of $1,290,000,000. It is estimated that by June, 1954, this figure will reach $1,450,000,000. From unofficial sources I understand the City of New York will invest approximately $250 million this year in long-term government and municipal obligations. An excess of $30 million will be invested in short-term obligations for their sinking funds. Market conditions will be the determining factor governing commitments.

The latest Annual Report of the Comptroller of the State of New York indicated that the average normal increase in retirement funds amounts to approximately $60 million. The State Teachers Pension Fund, which does not come under the jurisdiction of the Comptroller, increased in size as follows:

1952—211 million
1953—236 million
Jan. 1954—262 million

I might add that the State Teachers Fund can purchase any bond or investment (excluding stocks), which is legal investment for savings banks in the State of New York.

Major commitments are in governments and legal bonds. Present policy consists prpimarily in purchasing FHA mortgages both in and out of the State.

The Funds under the jurisdiction of the Comptroller of the State of New York will be invested in municipals, governments and mortgages. The proportion of each will depend on market conditions. It might be of interest to note that the State Fund totals (other than the State Teachers Retirement Fund) in January, 1954, amounted to $669 million, which was an increase of $72 million from March of 1953.

I would like to stress again the tremendous impact of purchase monies on the investment market and to point out to you the growing build-up of supply pressures against demand. It has been pointed out that there is a distinct possibility of the reappearance of premiums on guaranteed mortgages.

I do not expect life insurance companies to be an important factor in the long-term Treasury market this year.

Savings banks, some savings and loan associations, states, municipalities and pension funds, will be buyers on balance of long-term Treasurys this year.

Increase in savings banks deposits and the additions to insurance reserves and to pension trust funds will, in all probability, be of the same magnitude in 1954 as in 1953.

It is my considered judgment that regardless of business activity we should have a token offering of long-term governments in the next Treasury financing.

This is no time for portfolio officers to engage in any masterminding tactics. Put your money to work at the prevailing rates and proceed with your program of dollar averaging.

Dean Witter Adds to Staff

Dean Witter & Co., 14 Wall Street, New York City, members of the New York Stock Exchange, announce that Alfred J. Bianchetti has become associated with the firm in its municipal bond department.

LETTER TO THE EDITOR:

Condemns Tax Cuts in Absence of Provision for Debt Redemption

Richard Spitz says, instead of tax cuts, tax structure should plan to amortize the national debt. Contends money conditions will bring more inflation and a progression into Communism.

Editor, Commercial and Financial Chronicle:

I note Mr. David L. Babson, in the March 18, 1954 issue of your paper, "forecasts continued economic progress" and one of the reasons given in changed monetary conditions.

The only consequence of poor monetary conditions in any country is not economic progress, although so painted politically, but historically it brought Fascism to Germany, Socialism to England, and in Italy the progression has been from Fascism before the last war, to a progression more currently into more and more Communism.

Members of the Republican party, the Democratic party and the financial fraternity are all expressing their approval of tax cuts in some form or another. These men are not only deluding themselves, but the press is also presenting one side of the situation as these other pressure groups, viz., benefits from tax cutting, without advocating a plan to also bring within our current tax structure a plan to fiscally reduce the national debt each year, and over a period of years.

There is no tax cut, but more inflation and another step in the direction of unsound money, unless there is fiscal amortization within the same tax structure. This generation has received the heritage of American Constitutional government, and the effect of mortgaging it to the hilt ($255 billion of national debt at the moment) and leaving the full payment to our sons and daughters, so that we can live high off the hog, can only lead to inevitable foreclosure of American Constitutional Government.

Is owing better than sticking, or are we of this generation a pack of deliberate welshers who have failed to "hold high the torch" of freedom and good government?

RICHARD SPITZ

Fortune's Rocks,
Biddeford, Maine,
March 29, 1954.

R. W. Courts, Jr. on IBM World Trade Cp.

Richard Winn Courts, Jr., a partner of Courts & Company, investment bankers, of Atlanta, Ga., has been elected a member of the executive committee of IBM World Trade Corporation, according to an announcement by Thomas J. Watson, Chairman of the board.

Richard W. Courts

Mr. Courts, who is a member of the New York Stock Exchange, was elected a director of IBM World Trade Corp. on May 26, 1952.

He is Chairman of the board and a Director of Atlantic Realty Co.; Treasurer and a Director of Southern Mills, Inc., and a Director of Southern States Realty Co., Sea Island Co., Atlantic Co., Delta Air Lines, Inc., Southern Electrical Corp., Atlantic Securities Co. and Economy Auto Stores, Inc.

Now Emerson Cook Co.

PALM BEACH, Fla.—The firm name of Emco, Inc., 234 South County Road, has been changed to Emerson Cook Company.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market continues to give evidence of betterment because of securities are moving into strong hands. There is a real investment demand around for these obligations, and it ranges all the way from the shortest to the most distant maturities. The out-of-town commercial banks and pension funds have been the principal buyers of the higher coupon longer-term Treasury issues. The larger money center deposit institutions have been the active ones in the near-term and intermediate-term issues. It is evident, however, that the desire to extend maturities is still a very positive one, because the belief is as strong as ever that easy money market conditions will get easier. A lowering of reserve requirements is looked upon in some quarters as being purely a matter of not too much time.

Although the short-term market is still the most active one, there has been a very substantial amount of business done in both the intermediates and the longs, with the latter bonds, according to reports, getting a bit more attention than the middle maturities.

Higher Prices for Long Bonds Expected

The longer-term Government obligations continues to be taken out of the market by a wide variety of investors even though there has been no particularly strong uptrend in the quotations of these securities. It is reported that there have been enough sellers around (mainly the smaller life insurance companies) to satisfy the greater part of the demand which has come into the market from time to time.

Nonetheless, it seems to be the opinion of certain money market specialists that the higher coupon longer-term bonds will move ahead in price in the not too distant future because the available supply of these securities is being cut down sharply and they are being well absorbed. It is also indicated that those institutions which have been sellers of these securities have pretty well liquidated the bonds which were to be disposed of, so much so in some instances, that the pot is termed to be "rather empty."

Pension funds have been the main buyers again of the most distant higher coupon Treasury obligations, with the several state funds taking the play away at this time from the private ones. Nevertheless, the private pension funds have not been exactly on the inactive list, because it is reported they have been fairly sizable buyers of the longer-term 2½s. Corporate bonds, however, have been getting more attention than the Treasuries as far as the private pension funds are concerned.

Banks Acquiring 2½s of 1967/72

Commercial banks, principally the out-of-town institutions, have been the leading buyers of the longer Government securities, with the choice obligation being the bank 2½s of Sept. 15, 1967/72. It seems as though there is considerable in the way of flexibility as far as the buying policy of these banks is concerned because they can move from one obligation to the other depending upon how the supply picture shapes up. The fact that there have been more of the 2½s due 9/15/67-72 around for sale appears to be the reason why this bond has been the favorite issue of the smaller deposit institutions.

Although the bulk of the funds which have been going into the bank bonds is reported to be new money, there has been, however, a considerable amount of switch money also involved in these transactions. It is evident that the smaller commercial banks are continuing to lengthen maturities which means that the shorter-term obligations are being sold and the proceeds are going into the longer-term bonds. There has also been quite a number of trades reported by the same institutions in which the 3¼s of 1978/83, have been let out and the proceeds have been put into the most distant 2½s.

Lowering of Reserve Requirements Awaited

The belief that reserve requirements of the commercial banks will be reduced is still very strong in the financial district. The pattern of business, which does not seem to be showing any important turn for the better, is given as the main reason for the opinion that money rates will continue to ease. It is being pointed out that during the 1948/1949 let down in business the powers that be did not hesitate in making reductions in the reserve requirements of the deposit banks. The change in reserve requirements at that time was also considered to be on the liberal side.

Presently the business pattern is not as favorable as it was five or six years ago, and the outlook for betterment is not as good as it was at that time. It is on the basis of such a comparison that some money market specialists come to the conclusion that a lowering of reserve requirements is not to be unexpected in the near future. A stimulation of the economy is needed at this time and one of the ways in which it could be brought about would be by decreasing reserve requirements. Such a development would make available to these institutions funds that could be used for lending purposes that would create deposits which are purchasing power. The effect of lower reserve requirements would also be favorable to the mortgage market as well as the bond market.

Hettinger Director

Albert J. Hettinger, Jr., economist and partner of Lazard Freres and Co., investment bankers, was added to the boards of directors of the General Reinsurance Group at the annual meetings of stockholders of General Reinsurance Corporation and North Star Reinsurance Corporation.

Mr. Hettinger is also a director of Certain-teed Products Corporation, of Glen Falls Insurance Company and of the Lincoln National Life Insurance Company. He is a member of the finance committee of the Ford Foundation and independent counselor to the United States Steel & Carnegie Pension Fund.

Now State Securities Co.

JERSEY CITY, N. J.—The name of Miller Securities Co. has been changed to State Securities Company, and the firm is now conducting business from offices at 28 Concourse East. Morris Miller is a principal. Miller Securities Co. was formerly in business in NewYork City and Forest Hills, N. Y.

Continued from page 12

Objectives of Securities Regulation

at corporate meetings—not blindly.

(6) The markets for securities should be free of manipulation.

(7) People with inside information should not be allowed to make use of such inside information to the disadvantage of their fellow security holders, and transactions between such persons and the corporation should be subjected to careful scrutiny.

(8) People engaged in businesses involving recommendation of investments, sale of securities, handling of other people's money and securities, should be registered and should be required to file publicly available information about themselves.

(9) Trustees for corporate bond and debenture issues should be sufficiently independent to assure conscientious performance of the duties of such a trustee and the trustee should be required to perform its obligations with prudence.

(10) In cases of reorganization of corporations in which there is a large interest of public creditors or public investors, there should be some assurance of administration by an independent trustee, a vigorous inquiry into the true financial status, and a sound, feasible, fair and equitable reorganization plan.

I am not going to go into detail as to how the several Acts administered by the Securities and Exchange Commission in the aggregate contribute to the attainment of these general objectives. This audience is acquainted with the statutory pattern of disclosure and regulation.

The effectiveness of both the disclosure provisions and the regulatory provisions of the statutes administered by the Securities and Exchange Commission is based in great measure on the reliability of financial information and the presentation of that information in accordance with sound accounting principles.

Financial Data Most Important

Generally speaking, the information most determinative of the value of a security and the progress of its issuer is the financial condition of a business and the financial results of its operations.

Many of you remember the comment made in 1926 in William Z. Ripley's book "Main Street and Wall Street":

"The advocacy of really informative publicity as a corrective for certain of our present corporate ills must be placed in its proper relation to the whole matter of democratization of control. A prime argument which raises its head at the outset of all discussion of shareholders' participation in direction is that the shareholder—the owner, in other words—is hopelessly indifferent to the whole business. His inertia as respects the exercise of voting power, and almost everything else, is an acknowledged fact. But no one expects it to be otherwise. No one believes that a great enterprise can be operated by town meeting. It never has been done successfully; nor will it ever be. The ordinary run of folks are too busy, even were they competent enough. Nor is it true that the primary purpose of publicity, the sharing of full information with owners, is to enable these shareholders to obtrude themselves obsequiously upon their own managements. But such information, if rendered, will at all events serve as fair warning in case of impending danger. And this danger will be revealed, not because each shareholder, male or female, old or young, will bother to remove the wrapping from the annual report in the post, but because specialists, analysts, bankers, and others will promptly disseminate the information, translating it into terms intelligible to all.

". . . This, then, is the ultimate defense of publicity. It is not as an adjunct to democratization through exercise of voting power, but as a contribution to the making of a true market price. This is a point but half appreciated at its real worth."

Not only is the information concerning its financial affairs important to the present and prospective investor as a means of evaluating the security which he owns or considers buying, but it is obviously the most significant source of information for the Commission and the courts in carrying out the regulatory provisions of the statutes which Congress has enacted in the public interest and for the protection of investors. In other words, accurate accounts are a tool for performing most of the jobs required to attain the general objectives which I listed a few minutes ago.

For this reason each of the various Acts administered by the Commission vest in the Commission extensive powers with respect to accounting matters.

I will not enumerate these powers beyond saying that the statutory language in each case is broad enough to give the Commission power to prescribe principles of accounting and classification of accounts.

The Commission, nevertheless, has not, generally speaking, adopted rules which prescribe principles of accounting except in the case of public utility holding companies and service companies.

Rather, the Commission looks to the standard of general acceptability of the accounting principles followed in a particular report or registration statement in determining whether or not such report or statement should be accepted without comment. The basic concept is stated in Accounting Series Release No. 4, April 25, 1938:

"In cases where financial statements filed with this Commission pursuant to its rules and regulations under the Securities Act of 1933 or the Securities Exchange Act of 1934 are prepared in accordance with accounting principles for which there is no substantial authoritative support, such financial statements will be presumed to be misleading or inaccurate despite disclosures contained in the certificate of the accountant or in footnotes to the statements provided the matters involved are material. In cases where there is a difference of opinion between the Commission and the registrant as to the proper principles of accounting to be followed, disclosure will be accepted in lieu of correction of the financial statements themselves only if the points involved are such that there is substantial authoritative support for the practices followed by the registrant and the position of the Commission has not previously been expressed in rules, regulations or other official releases of the Commission, including the published opinions of its Chief Accountant."

If a registrant makes a filing stating accounts on principles for which it claims there is substantial authoritative support, there can readily arise arguments as to whether the claim for support is well founded.

Problem of New Accounting Procedures

You cannot write rules to answer questions like that. The discussions will go on through the years because accounting is not a branch of mathematics like arithmetic or geometry.

I would like to associate myself with a thought expressed in the introduction to the Restatement and Revision of Accounting Research Bulletins, published in 1953 by the American Institute of Accountants:

"Changes of emphasis and objective as well as changes in conditions under which business operates have led, and doubtless will continue to lead, to the adoption of new accounting procedures. Consequently diversity of practice may continue as new practices are adopted before old ones are completely discarded."

It is not possible forever to clothe a growing boy in the same suit of clothes. If it is not practicable to have accounting principles formulated for SEC purposes, the occasional arguments and disagreements must go on. We must reconcile ourselves to suffering together from accountancy's growing pains.

The ideas which survive are those which become accepted because their application produces sound results in the multiplicity of particular situations which arise in a practical world.

From my own field, the law, I call to your mind Justice Holmes' remark: "The life of the law is not logic but experience."

Recognizing the fluid character of the stuff we work with, the Commission tries to keep itself informed not only through careful discussions in passing on specific problems, but also by conferences with representatives of the accounting profession, both with controllers and with independent accountants. We have been taught the importance of moving but not moving too fast. We are inclined to heed the injunction of the eighteenth century poet who said:

"Be not the first by whom
the new is tried,
Nor yet the last to lay the
old aside."

We have had discussions on accounting for stock options and the accounting problems raised by accelerated amortization. On the former we have adopted a rule permitting disclosure treatment. On the matter of amortization of emergency facilities, we have been pulled both ways by registrants, by the June, 1953 Bulletin of the Controllers Institute and by Bulletin 42 of the American Institute of Accountants. We are accepting in respect of 1953 reports statements of accounts which amortize the portion of the cost of properties covered by certificates of necessity over the five-year period as well as statements of accounts which depreciate the cost of such facilities over the probable useful life of the facilities but give recognition to the resulting reduction in income tax benefits after the close of the amortization period. The transitional stage of the thinking on this subject exemplifies the process of getting an accounting principle generally accepted. The registrants in filing statements on either basis have been making adequate disclosures as to the method followed and the effect which would have been produced if the alternative method had been followed.

We have been importuned to greater liberality in balance sheet treatment of assets acquired as a result of a fortunate purchase, but we shall continue to be practically deaf to the persuasion of appraisals.

We have had several discussions — some practical and some academic — on departures from cost in the handling of depreciation. We find that that last mentioned subject stimulates equally passionate argument on the part of both proponents and opponents. I will not breathe a thought on that subject this morning. We have had discussions as to the responsibility of the independent accountant to insist upon employing adequate auditing procedures.

Foreign Securities

We have had several problems in respect of foreign issuers. Nice questions are frequently posed by the arithmetical impossibility of converting the result achieved by one method of accounting into a result which would have been achieved by the application of another. An overall policy question is presented to us in the matter of accounts and other disclosures by foreign issuers. The national interest in encouraging American investment abroad would naturally suggest removal of purely artificial barriers to the access of foreign issuers to American capital markets. On the other hand, if foreign standards of disclosure and accounting are not up to our standards, it might well be that lowering our standards for foreign issuers would result in a general lowering which would not be in the public interest. It is hard to conceive of an aggressive, two-fisted, American corporate executive not insisting upon "most favored nation" treatment from an American regulatory commission.

The fact that these problems exist does not indicate a turmoil of controversy. When one considers the vast complex presented by the accounting problems of American industry, it is almost a miracle that the areas of controversy are so small.

Private organizations like the Controllers Institute and like the American Institute of Accountants have had a great deal to do with the achievement of the high standard of American accounting. The Securities and Exchange Commission and the Acts administered by it have contributed to the development of better and more informative corporate accounting and reporting.

The discipline of legal liability has been imposed upon issuers, officers, directors, controlling stockholders, underwriters and experts. At the time the Securities Act was adopted there was strong protest to the effect that the imposition of such liability would deter capital formation. While the liability provisions have restrained exuberance in the presentation of material, they have not materially slowed down the process of capital formation nor have they resulted in a wave of law suits. As controllers your name goes on a registration statement under the Securities Act. The Form S-1, as you know, calls for the signature of the issuer's controller or principal accounting officer. The liabilities of Section 11 of the Securities Act are imposed upon every person who signs the registration statement. On matters of accounting, therefore, the controller cannot avoid being "it." It would be hard to argue that this liability has not contributed to improved accounting standards and procedures.

The Commission has loaned both moral and legal support to those who have helped to develop better and more informative corporate accounting practices. It has goaded a good many stragglers into falling in line. I cannot see, in view of the categorical language of the statutes which it administers, how the Commission can do otherwise.

Hogan & Vest Formed

SAN FRANCISCO, Calif.—William T. Hogan and Edward S. Vest have formed Hogan & Vest with offices at 949 Stockton Street, to engage in a securities business.

J. L. Brady Co. Formed

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass.—John L. Brady is engaging in a securities business from offices at 21 Elm Street, under the firm name of J. L. Brady & Co. Mr. Brady was formerly with Gibbs & Co.

Capital Expenditures to Remain High

Survey by the Department of Commerce and the Securities and Exchange Commission reveal businessmen are planning investment this year only 4% less than spent in 1953.

Expenditures on new plant and equipment by U. S. business this year are being scheduled at a rate almost as high as actual outlays in 1953, according to the regular annual survey of capital budgets conducted during February and early March by the Securities and Exchange Commission and the Department of Commerce.

The survey shows that businessmen are planning investment this year of $27.2 billion, only 4% less than they spent in 1953. Manufacturers' programs call for an outlay of $11.4 billion, 7% below last year. Mining and commercial companies each expect to spend about 3% more than they did in 1953, while scheduled spending of $4.4 billion by the public utilities marks a slight reduction from last year. The survey indicates that railroads are planning a sizable cutback in investment—over 25%; the programs of other transportation companies are down only moderately.

The 1954 programmed expenditures for major groups compared with actual spending in 1953 are given below and in the table attached:

	1953 (Millions of dollars)	1954	Percent Change
Manufacturing	12,276	11,410	—7
Durable goods industries	5,821	5,220	—10
Non-durable goods industries	6,455	6,190	—4
Mining	1,011	1,040	+3
Railroad	1,312	940	—28
Transportation, other than rail	1,464	1,400	—4
Public utilities	4,548	4,430	—3
Commercial and other	7,778	8,010	+3
Total	28,391	27,230	—4

Quarterly Trends

Actual expenditures of $7.7 billion in the fourth quarter of 1953 brought capital outlays for the year to $28.4 billion, or 7% above 1952. The actual expenditures for 1953 proved to be larger by 5% than the planned outlays indicated by business in the survey conducted at this time last year. A small part of this increase may be accounted for by the slight rise in prices of capital goods that occurred during 1953.

As indicated in the table below which adjusts the survey results for seasonal influences, the rate of plant and equipment expenditures reached a high in the third quarter of 1953. On this basis, capital outlays in the fourth quarter were about 1% lower while further moderate declines are anticipated through the first two quarters of this year. A somewhat lower rate of expenditure also is implied for the second half of this year when comparison is made between the rates anticipated for the first two quarters of 1954 and for the year as a whole.

Manufacturers' 1954 Programs

The 7% decline in manufacturers' outlays planned for 1954 results from a greater reduction in the programs of durable goods industries—10%—as compared with a 4% decrease expected by non-durable goods industries. The survey also finds that the small and medium sized firms expect relatively larger declines in capital outlays this year than do the larger companies.

Within the durable goods groups the primary metals industries—iron and steel and non-ferrous—expect their capital outlays in 1954 to be about 25% less than in 1953. These industries made their peak expenditures in 1952, although 1954 programs are still well above pre-Korean rates. The only durable goods industry planning a significant increase in expenditures in 1954 is the motor vehicle and other transportation equipment group, where outlays are scheduled at approximately 20% more than in 1953. A small increase is planned by the electrical machinery group, while companies producing non-electrical machinery are scheduling expenditures some 10% less than in 1953.

In the nondurable goods sector, an important area of strength is in the petroleum industry which is planning a record $2.9 billion of capital expenditures, an increase of about 4% over 1953. The paper and rubber groups expect their 1954 rate of fixed investment to be about the same as last year while food and beverage companies anticipate a moderate decline. The textile-mill group expects a sharp decline of almost 30% while the chemical industry is scheduling $1.3 billion of outlays, about 15% less than last year.

Nonmanufacturing Trends

The plans reported by the nonmanufacturing group as a whole indicate that 1954 investment in this area is expected to hold up quite well—only 2% less than was spent in 1953. The continued boom in suburban shopping center construction as well as extensive store modernization plans are the primary factors in the 3% increase in outlays anticipated by the commercial group. Mining companies also expect a 3% rise, centering largely in gas and oil well drilling.

The decline in anticipated expenditures by public utility companies reflects reduced outlays expected by gas utilities. Companies in the rapidly growing electric power industry anticipate expenditures fully as high as last year. The recent reduction in operating revenues and income and the near completion of their dieselization program are largely responsible for the sharp cutback in investment being programed by the railroads.

Sales Expectations

This annual survey also requested information on sales expectations. The survey indicates that on the whole businessmen expect 1954 sales to approximate those for 1953. Manufacturers foresee a sales dip of about 3% below the 1953 average. The utilities expect revenues to increase about 10% while other industries expect little change from 1953 rates.

In manufacturing, every major durable goods industry expects its 1954 sales to decline from last year's rate. In aggregate, durable goods producers expect their sales to be some 8% below 1953—a rate of sales in line with current volume.

Producers of nondurable goods anticipate a 3% rise, with the major groups expecting to either maintain or better 1953 sales. These sales expectations for the full year 1954 are generally moderately higher than current sales rates.

The analysis of plant and equipment expenditures is based on estimates by industry groups presented in the attached tables. This release incorporates statistical revisions for the years 1952 and 1953; figures prior to 1952 are unchanged. The basic data were derived from reports submitted by corporations registered with the Securities and Exchange Commission and by a large sample of nonregistered manufacturing companies, unincorporated as well as corporate, reporting to the Department of Commerce. The estimates presented in the attached tables are universe totals based on the sample data.

Expenditures for New Plant and Equipment by U. S. Business* Quarterly, 1953-54, Seasonally Adjusted at Annual Rates

	1953 Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	1954 Jan.-Mar.†	Apr.-June†
	(Billions of dollars)					
Manufacturing	12.35	12.26	12.30	12.22	11.70	11.59
Mining	0.96	0.93	1.06	1.10	1.06	1.08
Railroad	1.34	1.34	1.30	1.26	1.17	0.86
Transportation other than rail	1.38	1.38	1.59	1.52	1.46	1.38
Public utilities	4.40	4.64	4.72	4.46	4.60	4.58
‡Commercial and other	7.42	7.92	7.94	8.00	8.04	8.03
Total	27.84	28.48	28.92	28.56	28.04	27.52

*Data exclude expenditures of agricultural business and outlays charged to current account. Estimates after 1951 have been revised.

†Estimates are based on anticipated expenditures reported by business in February and early March, 1954. In addition to seasonal adjustment, these periods are adjusted when necessary for systematic tendencies in anticipatory data.

‡Includes trade, service, finance, communication and construction.

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Business for the Remainder of 1954

been steady through most of the year.

(5) A slight decline in spending for new plant and equipment.

(6) Some weakening of consumer confidence. This results from increased unemployment, lower weekly take-home pay, because of the cut in overtime, and the widespread talking and writing about depression factors.

Baldly stated, a listing like that of the factors of decline sounds pretty formidable. But let's analyze them.

In the first place, I want to say that I think the greatest effect of these factors has already been felt. Consequently, I look for a reversal either in the next quarter or, at the latest, in the early part of the third quarter. It will come slowly. Let us say, putting it on a business graph, that the reversal will be U-shaped rather than V-shaped.

My own interpretation is that the present decline has been caused mostly by badly needed inventory readjustment, far less than by the decline in defense spending and the moderately lower trend in spending for new plant and equipment. The importance of inventories in a business readjustment has been clearly evident in the trend from 1952 to date. Beginning with the third quarter of 1952, we added $4.3 billion, annual rate, to inventories. In the fourth quarter of 1952 we added another $8.5 billion, and in the first, second and third quarters of 1953 we added respectively $3.7 billion, $6.3 billion, and $3.1 billion. This constant accumulation of inventories made a subsequent decline in output, employment, and pay inevitable.

Now the inevtiable has occurred.

The accumulation of inventories was most marked in consumers' durable goods—automobiles, appliances, television. It was comparatively heavy in some segments of the non-durable goods industries, notably textiles and apparel, boots and shoes, and to some extent paper.

Unfortunately the total inventory figures do not provide us with a perfect basis for anaylsis, inasmuch as a good portion of the total represents heavier stocks carried for defense needs.

It is my belief that there has now been an adequate correction in production of consumers' durable and non-durable goods so that an early upturn is warranted within about 90 days. This may be slightly delayed because distributors are resorting to their usual excessive inventory liquidation in a period of decline—just as the somewhat too whole-hearted way in which they follow a policy of excessive inventory accumulation during an advance.

Why Decline Is Leveling Off

My belief that the present decline will not extend much further, in intensity or duration, is based on two major considerations.

(1) The present decline in activity, having been initiated by a real need to curtail excessive inventories, can be held to manageable proportions.

(2) Analysis of the factors influencing long-term decisions to spend, when coupled with the spending plans already announced, evidence the inherent strength of the economy today. Easy money is already showing its effect on total building and construction this year—1954. State and local spending are already showing a rise. The inherent strength of the economy must be judged on the basis of long-term institutional changes that are modifying the characteristics and behavior of the American economy.

Let's look at some of the most basic things in the American economy.

The three most important factors in gross national expenditures, or gross national product, are business spending, consumer spending, and government spending. The outlook for these three is comparatively favorable beyond the near future.

Recent developments affecting business spending clearly warrant a conservatively optimistic attitude. Note that building and construction for the first quarter is being maintained on a high level. Note also the estimate by the Department of Commerce and the SEC of only a 4% decline in expenditures for new plant and equipment from the very high 1953 total. Adding these two important components of business spending to the halt in inventory liquidation, there is considerable justification for concluding that we are at the tail end of the decline in business spending and that a more hopeful outlook is indicated for later this year.

Now, how about government spending? Those among us who are talking about a major recession or depression seem to overlook a very important economic factor that did not exist before the war, or even in the period immediately preceding the Korean War. That factor is government spending, and particularly spending for defense.

Who among us would be foolish enough to believe that we will cut back defense spending drastically with the threat of Communism facing us? Who among us would be foolish enough to believe that we will again allow ourselves to be caught unprepared as we were at the outbreak of the Korean War? Who among us would expect America to reduce her defense spending sharply enough to threaten not only our own security but the security of the free world?

You can answer those questions. I want to say that defense spending, even with the let-down from the record high of last year, will still be running at a rate of $46 to $47 billion annually for some time. In 1940 defense spending was $2.5 billion.

There is also state and local spending to be considered. Defense spending will decline some. But this will be offset by the steadily rising trend in state and local spending. I might point out that estimates made by my organization indicate that state and local spending will run at an annual rate of $27 billion for most of the rest of the year. This compared with only $7.8 billion in 1940.

In my book "No Major Depression in Our Lifetime" I have given a fuller analysis of the part played by government spending in the modern economy. Defense spending is not the only item in government spending. Government spending has become and will continue to be a tool in the support of the national economy.

So much for business and government spending, as components of the gross national expenditures. There remains the most important spender—the consumer.

The Consumer Can Give the Answers

The answer to the 1954 recovery is the consumer. The importance of consumer spending to gross national spending can easily be realized when it is noted that of gross national spending, consumer spending in 1953 represented 62% of the total. It approximated $230 billion out of a total gross national expenditure of $367 billion.

Consumer spending is influenced by income, unemployment, savings, debt, psychology. Let's take up some of these items.

Income: Disposable income (personal income minus taxes) will average nominally higher than in 1953. If there is a further personal tax relief in the form of a larger cut in excise taxes and a higher exemption in income taxes, the consumer's position will be still more favorable.

Employment: Total unemployment approximates 3.6 million. There has been a slowing down in the rate of increase, and this has had a very favorable psychological effect. There is evidence that employment will tend higher later in the year and that unemployment will decline.

Savings: Consumer cash and holdings of "E" bonds at the end of 1953 approximated $197 billion, or $8.6 billion higher than the previous year. On the other hand, the increase in short-term indebtedness during 1953 was only $3.1 billion.

Psychology: At no time since the downturn began has the public's psychological reaction been one of fear. The fact that lay-offs are not gaining momentum is definitely a favorable factor.

I'd like to go a little deeper into the whole question of consumer spending, for two reasons. Consumer spending is the keystone of the national economy, and is of interest to you as purchasing agents.

It might be pointed out that in recent years consumer spending has been subnormal in terms of consumer income. Put it the other way around: consumer savings have been held at record highs. In estimating spending for the rest of 1954, I allow for these continued high levels of savings. That is, I assume no change in the ratio of spending to savings.

But I do not agree that consumer spending is going to go way down. How often have I heard in recent weeks that the public does not have to buy. The public can wait. Time and again it is emphasized that the consumer is well-stocked with automobiles, washing machines, stoves, refrigerators, television sets; that his wardrobe is well-stocked with apparel. Time and again I hear that the consumer will wait with all except absolutely necessary purchases until the economic atmosphere clears and there is greater assurance that he will not be drawn into the ranks of the unemployed.

These cautions are absolutely unrealistic.

The American consumer is not going to sit around waiting for a depression. Those who think he is are ignoring the rising population, the higher standard of living, and the needs and desires of the American public. They are underestimating the changing economic forces of recent years.

A few facts should be of interest to you in connection with consumers' needs and wants.

In 1953, out of a total of 42.2 million passenger cars on the road, only 23.3 million were five years old or newer. The proportion of old cars is exceedingly high.

With the exception of radios, refrigerators, and non-automatic washing machinees, the saturation point in appliances is very low. The number of homes that have air conditioners, freezers, dish washers, ironers, automatic washing machines, and water heaters is comparatively very low.

Add to these family needs, the community needs for new hospitals, new schools, more and better highways, and we can readily see that we are far from having satisfied our needs and wants.

Change Not Coming Immediately

Don't get me wrong. I'm not saying that all of this will be reflected immediately in 1954. What I am saying is that the American economy is still expanding. Unmet consumer and community needs are great. And these potential demands will show themselves in renewed purchasing as confidence is restored.

And confidence will be restored—despite the present unemployment rate. This, remember, is still 1.1 million below the 1950 high. The percentage of unemployed is still small in relation to the total labor force and the number employed.

Don't misunderstand me. I'm not making light of the human suffering that goes with unemployment. But I do say that, as an economic phenomenon, we must keep it in perspective, and not be overwhelmed by it. It is surely not that high.

Unemployment may not decline as fast as production increases. There is very little doubt that American business hoarded labor from the outbreak of World War II until most recently. A tight labor market encouraged hoarding and as long as it was possible to pass on the higher labor costs, business was not too much concerned about the extra labor supply. However, with the need of keeping labor costs down and with the labor market very easy, the need for adding to the labor force will not be very great. Under normal conditions we may be faced with two million unemployed.

Another factor that will contribute to keeping the present readjustment within limits is the relative stability of wholesale prices. I pointed out previously that we have not had in this readjustment the drastic decline in prices that usually characterizes a real recession. In this case rigid costs and the fact that the decline in general business has not been of a character that would warrant dumping, has contributed to this price stability.

I believe, furthermore, that no drastic price declines will occur. Wholesale prices will be about the same or only slightly lower during the coming months. Finished goods prices may show more easiness than raw material prices. Quotations should firm up during the latter part of the year, so that the composite index at the end of the year may not be much different than at the beginning. This means that the economy will then be in a position to go upward, rather than continuing to decline.

Now, I have dealt almost entirely with strictly economic considerations. I want to merely mention a cardinal political principle that will also affect the economic situation. And this it the attitude of the government, of this Administration or any Administration, toward the American economy.

The Administration has already gone on record that it will not allow the economy to decline much further, or unemployment to go much higher. Government intervention in the realm of tax reductions, the credit situation, and defense and public works spending will be an important instrument of support for the economy.

Conclusions

I'd like to wrap up my conclusions as far as I have gone:

General business activity, based on gross national product as well as on total production, should reach a low not later than the second quarter or early third quarter of 1954.

Disposable income will average higher for the year—despite the unemployment and lower take-home pay.

Inventory liquidation, a key item in the present decline, should terminate not later than some time in the third quarter. However, inventory accumulation will lag, especially in view of the relative stability of prices.

There may be some easing in wholesale prices. But in general the 1953-54 decline will be characterized by remarkable price stability.

The consumer has not been frightened. And he will not be frightened. He will continue to be a bulwark of an essentially healthy economic situation.

The government will supply additional strength, especially in view of the fact that 1954 is an important Congressional election year.

And the American businessman will do as he has always done in a period of marked competition—he will resort to his ingenuity in creating something new, something different, at a price the consumer can pay. From here

Well Said!

"We hear a lot said about water power being a natural resource 'belonging to the people'; therefore, that only government should develop it. But so too are coal, oil, timber, metals, sulphur, salt, and so on, natural resources; yet this has no relevancy as an argument against private enterprise. The only relevant consideration is not *who* develops these resources, but *how* they are developed—that is, whether they are developed in a way so that the maximum benefits flow to all the people.

"Americans have traditionally and as a matter of principle developed their natural resources under private enterprise, with the initiative and dynamic qualities that go with private ownership and management. There are, of course, certain exceptional activities of broad public benefit, regarded by common consent as not suitable for private enterprise, in which government may appropriately engage. Examples of these may be found in some of our great river basin developments where expenditures for flood control, irrigation, and reclamation, combined with power, are not expected to be productive of sufficient revenue to justify private investment.

"But the line is not a hard one to draw. Where responsible private enterprise is ready and willing to engage in an undertaking with private funds, only the most compelling motives can justify departure from the private enterprise principle upon which this country has been founded. This is the real issue at Niagara."—The National City Bank of New York.

With hardly more than minor reservations we voice a hearty amen!

on it will be a question of selling rather than producing.

All factors involved will contribute to strengthening the American economy at a time when it vitally needs to be strong. The threat of Communism is still as great as ever. A Korean peace settlement has not yet been reached. A bloody war is still being waged in Indo-China. Nine years after the war there is still no agreement on Germany and Austria. We all know that these uncertainties in the international sphere can best be met if we have a strong economy behind us.

But I would be remiss in my duty to you if I did not tell you that the need of a strong economy does not mean that we cannot and will not have marked fluctuations in the business situation. America's need for economic literacy, the government's need, the businessman's need, and your need are greater now than at any time in our history.

NY IBA Group Opens Series H Bond Drive

Robert W. Fisher, Vice-President of Blyth & Co., Inc. has been appointed Director of the United States Savings Bond Committee of the New York Chapter of the Investment Bankers Association of America. Mr. Fisher is Chairman of the Chapter.

Robert W. Fisher

The committee opened its sales drive April 6 in behalf of United States Government Series H bonds as part of the nationwide campagin sponsored by the IBA under an arrangement concluded recently with Treasury officials in Washington. Territory of the New York Chapter of IBA includes New York, New Jersey and Connecticut.

Other members of the committee include: C. J. Devine of C. J. Devine & Co.; Rudolf Smutny of Salomon Bros. & Hutzler; Emil J. Pattberg, Jr., The First Boston Corporation; Edward E. Anderson, Discount Corporation of New York; William Rex of Clark, Dodge & Co.; William H. Long, Jr., Doremus & Company, and Arne Fuglestad of Carl M. Loeb Rhoades & Co.

The committee headed by Mr. Fisher will direct the activities of 20 team captains in the sale of the Series H savings bonds under the auspices of approximately 400 leading investment firms in the New York area.

Each team will make monthly reports to Mr. Fisher's committee and a special "Plaque of Merit" will be awarded to the team credited with the largest amount of sales of the H bonds at the annual fall dinner of the New York Chapter of the IBA on Oct. 21. The presentation will be made by Secretary of the Treasury George M. Humphrey.

According to Mr. Fisher the IBA decided to center its efforts on the series H bond in this drive because of its great appeal to the average investor. It is sold at par and is cashable at par at any time after six months from issue date, on one month's written notice. It pays interest to provide an ascending rate of investment return each six months with an overall yield of 3% compounded semi-annually for nine years and eight months.

American Tidelands Stock at $1 a Share

Crerie & Co., Barrett Herrick & Co., Inc., and Gearhart & Otis, Inc., on April 6, offered publicly 2,000,000 common shares, 10 cents par value, of American Tidelands Inc., New Orleans, La. at $1 per share.

American Tidelands Inc., was formed Feb. 10, 1954, for the principal purpose of drilling oil and gas wells for others on a contract basis on the continental shelf off the coasts of Louisiana and Texas.

The company has commenced construction of and proposes to operate a submersible drilling barge for exploration in the tidelands oil areas in Louisiana and Texas in which there has been much recent interest. A contract has been signed with Alexander Shipyards, Inc., for construction of this drilling barge for about $1,300,000. Proceeds from the sale of the common shares will be used, in part, to pay for the balance of the cost of the barge.

Capitalization of the company on completion of the present financing, will consist of 4,500,000 common shares, 10 cents par value.

Thomas L. Jordan, President and director of the company, is also President of a barge line, a tugboat line, and Thomas Jordan & Co., a brokerage house. The other directors are Harry B. Jordan, Leslie Durant, a director of Alexander Shipyard, Inc., J. Edwin Hill and Perry R. Bass, both directors of Sid W. Richardson, Inc., and Jack Frost, an independent oil operator.

Phila. Bond Club Field Day in Sept.

PHILADELPHIA, Pa.—The 29th annual Field Day of the Bond Club of Philadelphia will be held Sept. 24, 1954, at the Huntington Valley Country Club, Abington, Pa.

Officials of the Bond Club decided to announce a definite date for this year's fall outing well in advance to give the various committees plenty to time to arrange what the club management anticipates will be the most successful Field Day in the club's history.

2 With Minneapolis Assoc.

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Arthur W. Haskell and Adrian P. Ries have joined the staff of Minneapolis Associates, Inc., Rand Tower.

With L. W. Chamberlain

(Special to THE FINANCIAL CHRONICLE)

RED WING, Minn.—Arthur M. Halvorsen is now with L. W. Chamberlain & Co., Inc., 315 East Avenue.

E. E. Henkle Adds

(Special to THE FINANCIAL CHRONICLE)

LINCOLN, Neb. — Willard F. Anderson has been added to the staff of E. E. Henkle Investment Company, Federal Securities Building.

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As We See It

that we think it worth while to quote at some length from last week's address.

"The central economic fact of our time," says Mr. Stevenson, "is that this economy of ours cannot stand still; it must either grow or fail.

"There are two choices. One is to hide in terror from the facts.

"Those facts are clear enough. There will be two million more Americans a year from now, 15 million more by the end of this decade. To cover the swelling ranks of the unemployed and insure that the workers who will be added to our labor force can find work, we must have three million more jobs immediately, and then more and more until by 1960 some seven million new jobs have been added.

"The other choice is more exhilarating. We have as a people—in our soil and rivers, and in our hands and our genius and our hearts—every asset we need to create a fuller life for every American in every year of our foreseeable future.

"I am concerned lest the Republicans have chosen the first of these two alternatives. I am concerned lest they take, perhaps unconsciously, the low road leading to a stagnant economy.

"I think it is the essential faith of this nation—and the guiding principle of the Democratic party—that there is to be in this country no idleness where there is work to be done, no man-made want, if you will, in the midst of God-given plenty.

"Let us face the challenging fact that we and the rest of the world need more than America's full work force can produce—and that it is our obligation to ourselves and to civilization to see to it that every willing hand is kept at work."

So "exhilarating" does the speaker find these ideas that he feels that he must undertake to pass on his exuberance to the general public. "It is essential that our people understand and ponder what it will mean for this economy of ours to be on a full-production, full-consumption, full-employment basis," he adds.

"It will mean, if the best available figures can be meaningful, that by the end of this decade, or by 1960, we will have to be producing and buying from ourselves about one-quarter again as much goods and services as now.

"Assuming the outbreak of no new wars, a smaller share of total production will go for defense—a larger share will go to individuals as consumers. Even with an increase of 15,000,000 in population, the average standard of living can be 20% higher than it is today.

"This kind of program will mean, on the other side of capitalism's basic equation, as much increase in our power to buy as in our power to produce. There will have to be a substantial increase in the average annual earnings of employees in manufacturing industries.

"We will have to think in terms of a marked increase in our basic family income. These, and other movements in the economy, will result in greater capacity to buy the products of expanded industry."

If all this were merely a rather ebullient forecast of the future we should all be warranted in giving dutiful applause and forgetting it until the next political orator with a gift for flashy pharse-making came along. The trouble is that much more than that is included in what Mr. Stevenson is saying and in what many other politicians of the day are saying. This is no mere statement that we shall in the future in the normal course of events enjoy such blessings as these. It is rather a warning that the Democratic party must plan it that way, and see to it that the plans are given full force and effect—and that if such a course is not followed by the political powers that be we shall not only fail to achieve such an economic status but must lose a substantial part of what we already have.

Grow or Fail

We must either grow or fail, and we must fail unless we through our politicians plan our future and erect the structure. The most unfortunate part of it all is that such a doctrine as this no longer appears strange to the ears of young Americans, or for that matter strange to the ears of many of the older Americans who would have been shocked by it a quarter of a century ago. Such ideas as these are basically at variance with the political and economic philosophy which all of us revered prior to the rise of Franklin Roosevelt. They are not only basically inconsistent with American tradition; they are equally inconsistent with the economic facts of our history.

Mr. Stevenson has a good imagination as all political orators have. He paints a glowing picture of what the next half-decade "must" bring forth—or should we say would bring forth if only "enlightened" political followers of Mr. Stevenson, Mr. Truman, or Mr. Roosevelt could get their hands on the helm in time? As are all great modern painters—political or otherwise—he is careless of detail. It is not easy to give precise meaning to some of his sentences or to state his predictions in exact statistical form, but we invite him or any of his followers to compare anything which even their imagination can conjure up for the next half-decade with the progress this country has made on the average through many decades since it came into being some century and a half ago. We doubt whether even a political "opposition" spokesman would venture to assert that his party could surpass the progress which this country has historically recorded to generate wonder and envy everywhere else in the world.

Yet prior to 1933 this country never did have a Franklin Roosevelt to "plan it that way." The rank and file of the people just went about their business from day to day intent upon earning whatever they could, to paraphrase the poet, by their own energy and as a result of their own initiative. Government's main function was to ensure fair play — and then to keep out of the path of progress. Our future progress, if it is to be maximized, must be realized in the same way.

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The Tax Revision Bill

plan in operation today, dividends would be free from the first 20% tax. In the Tax Message of 1936, President Roosevelt, in proposing a change in the corporate tax, recognized the inequity of double taxation of dividends, and he suggested a plan under which the corporation would be taxed only for the earnings which were not distributed to the shareholder. In the confusion over the enactment of this proposal, the dividends-received credit to the individual was abolished and has not been in the law since. Thus, since 1936, dividends have been subject to full double taxation.

For many years, England has had a system which largely eliminates double taxation. It is interesting to note that this plan has not been changed during the periods when the Labor Government was in control. Canada, several years ago, adopted a plan under which the stockholder now receives a credit of 20% of dividends received, compared to 10% in the pending bill.

The plan proposed in the bill generally follows the lines of the Canadian plan except that the smaller stockholder receives more favorable treatment than in Canada. The first $50 of dividends—$100 in 1955—would be exempt from taxation and the stockholder would receive, in addition, a credit of 5% — 10% the second year—on dividends received. This plan provides relief of only about half as much as existed prior to 1936, except for those in the lower income tax brackets, where the relief is greater.

The present double taxation, we feel, represents a real handicap to expansion of business. This is a capitalistic system; in the past we have depended on risk capital for development of new enterprises and for expansion of old ones. Large sums are needed to create jobs. It is estimated that the average cost of providing plant and equipment for one job is between $8,000 and $10,000. The present tax system makes it difficult to attract risk capital to create these jobs. It encourages corporations to finance themselves by bonded indebtedness, because interest can be deducted for tax purposes. In recent years over three-quarters of the financing by industry has taken the form of bonded indebtedness. This makes the economy more vulnerable in periods of business unsettlement.

This plan for partial relief of double taxation of dividends was not designed to give relief to any one group, but to help all. In recent years people in the lower income groups have been investing more and more in common stocks. You are familiar with the figures which were recently released by one of the large corporations showing that of their 300,000 stockholders, 56% made less than $5,000 per year from all sources. By giving tax exemption to the first $100 of dividends ($200 to married people when both own stock), many people with lower incomes would be encouraged to become shareholders and thus participate in the growth of American industry.

Many provisions of the bill will benefit individuals. One will permit parents to claim a child as a dependent even if he earns more than $600 — 1,500,000 taxpayers will benefit from this change.

Several people sharing the support of a dependent may decide among themselves that some one of them is to have the benefit of the exemption; foster children will be included as dependents; full split income treatment will be allowed to widows and widowers with dependent children and single people with very close dependent relatives, regardless of where they live—one million taxpayers will be affected by these changes.

Medical expenses in excess of 3% of a taxpayer's income will be deductible, compared with those over 5% under present law—eight and a half million taxpayers will benefit.

Child care expenses will be deductible by half a million working widows who support young children.

Up to $100 a week of sickness and accident benefits will be nontaxable to many millions of employees.

Employees' pension and profit-sharing plans will be strengthened.

Up to $1,200 a year of retirement income will be tax exempt for one million persons aged 65 and over.

Carrying charges on installment purchases will be deductible as interest, even if the amount of these charges is not stated separately in the purchase contract.

Revisions That Will Benefit Small Business

Many of the revisions will be of particular benefit to small business; several of them were recommended by the Small Business Committees of the Congress, including those of previous Administrations. The depreciation and double taxation of dividends provisions will be particularly helpful to small business. Laws covering the taxation of partnerships will be spelled out in the statute for the first time. This will facilitate the formation and continued operation of partnerships. An option to capitalize or write off currently the cost of research and development work will permit small companies to do what larger companies with well-established research laboratories already have done. Likewise, a shifting of the burden of proof to the government in cases involving the unreasonable accumulation of earnings will be beneficial.

The changes concerning corporate reorganizations will help make it possible for smaller companies to maintain their continued independent existence when one owner-management group retires or needs to realize on part of its investment. The longer averaging period for corporation income will be of particular benefit to small businesses with fluctuating incomes and to risky enterprises; the additional year for the carry-back increases the opportunity for prompt tax relief in the year of loss when the refund is most needed.

Important changes have been made to remove handicaps on investment abroad.

Two and a half million farmers will benefit from changes in the treatment of depreciation and the increased allowance for soil conservation expenses.

Plugging Up Loopholes

In addition to giving tax relief to many millions by removing these inequities, the bill will also plug a number of loopholes which have crept into the system, and thus save revenue. Chairman Reed described 50 specific provisions to close loopholes.

We are receiving criticisms from business concerns of the provision which requires corporations to make partial advance payments in the third and fourth quarters of the taxable year. This plan would be put into effect very gradually, starting with 5% per quarter in 1955, and reaching 25% in 1959. Companies with tax liabilities of less than $50,000 would not be affected—these represent 90% of the corporations.

This proposal would assist the Treasury by spreading the collections evenly throughout the year —otherwise we will get all our taxes from corporations in March and June. It will, in the long run, help put corporations in a sounder financial condition — too many now depend on their tax liabilities to help finance their operations. Individuals are now on a pay-as-you-go basis and with this change, corporations will by 1959 be about as close to a current basis as is feasible.

These are only a few of the many changes in the Internal Revenue Code. As you have observed, it is a tax reform bill, designed to correct the major defects and to help the whole economy, both immediately and in the long run. It is quite unfair to attempt to compare it with other plans to give immediate tax reductions on a big scale.

The cost of the bill in loss of revenue is $1.4 billion, but an important feature is that the corporation rate is continued at 52% instead of being permitted to go down to 47%. This will bring in $1.2 billion—almost enough to finance the entire cost. Thus, it is not a "hand-out" to business.

The Administration's Tax and Budget Policy

I want to turn finally to a brief discussion of the general tax and budget policy of the Administration.

In the spring of last year, we were confronted with the prospect of a very large deficit on the basis of the expenditure and tax program of the prior administration. This deficit turned out to be more than $9 billion. And projected expenditures for fiscal 1954 were $4 billion higher than 1953.

The first decision was to maintain revenues until the expenditures and deficits could be reduced. The new Administration recommended, and the Congress voted, a six-month extention of the excess profits tax, even though we did not like this tax.

Expenditures for the current—1954—fiscal year are being reduced $7 billion below those originally projected and a further reduction of more than $5 billion is estimated for the 1955 fiscal year.

On the basis of these expenditure reductions, the Jan. 1 tax reductions could be made. They were welcome first steps towards lower taxes.

The reductions in individual income taxes mean a savings to taxpayers—and a loss of revenue to the government—of $3 billion in a full year. The elimination of the excess profits tax amounts to $2 billion. The tax revision bill will involve additional savings to taxpayers of about $1.5 billion.

The policy of the Administration is to pass back to taxpayers through tax reductions savings in government expenditures as rapidly as this can be done while maintaining a sound budget position. The reductions in expenditures already made and in sight permit the total tax reductions, amounting to almost $6½ billion, while at the same time the deficit, which was over $9 billion in the last fiscal year, is estimated to be less than $3 billion in the next fiscal year.

The bill for reduction of excise taxes now before the Senate will, if adopted, lead to a further loss of revenue of almost $1 billion, bringing total tax reductions close to $7.5 billion. This is a tremendous reduction, all occurring in a short period of time.

In view of the very large reductions in expenditures which are under way, it is sound economic policy to bring taxes down even before the budget is fully balanced. A balanced budget is and will remain one of the objectives of the Administration. But a very rapid curtailment of government expenditures without tax reduction would cause too great a dislocation in the economy, which has been artificially supported by government deficits.

We have noted that between $6½ and $7½ billion in tax cuts are likely to be made in the first six months of this year. We do not feel that the present situation requires an emergency tax reduction program. The deficits for both the current fiscal year and the next year are even now estimated at about $3 billion, and next year's deficit will approach $4 billion if the excise tax reduction is enacted. Additional tax cuts at the present time would jeopardize the entire program of the Administration.

It is for this reason that we oppose the several suggestions which have been made in recent weeks for increases in the personal exemption in the individual income tax by $100, $200, and even $400 above the present figure of $600. We not only oppose any further loss in revenue under existing conditions, but we believe that tax reductions, when they can be made should take the form of rate reductions.

You will recall that Senator George, who has proposed the largest increases in exemptions, suggested in his speech to you just a month ago that tax burdens should be relieved much in the order in which they had been imposed. We agree with this general principle, but the record shows that it calls for rate reductions, not increases in exemptions.

The present exemption of $600 a person has been in effect since 1948 when it was raised by the Republican Congress from $500, which had been in existence since 1944. Prior to 1944, the exemption was different for single and married people and dependents. But if you take an average family with three children, you will find that the total exemptions as far back as 1941 were $2,700 compared with $3,000 now. At that time, the first bracket tax rate was 10%; it is now 20%. And in 1940, the last year before Pearl Harbor, the exemption for the family with three children was $3,200 and the first bracket tax rate was 4%. On this comparison, the exemption has gone down 6% and the tax rate has gone up 500%!

Rate reductions—and not increases in exemptions—are called for in any attempt to relieve burdens in the order in which they were imposed.

An increase in the exemption to $1,000 would excuse one taxpayer in three from all Federal income taxes. It would mean that a family with three children would pay no income tax until their income exceeded $5,500 a year, over $450 a month. President Eisenhower, on March 15, said he favored cutting taxes when they could be cut, but that he did not believe that the way to make the cut was to excuse millions of Americans from paying any income tax at all. He went on to say:

"The good American doesn't ask for favored position or treatment. Naturally he wants all fellow citizens to pay their fair share of the taxes, and he wants every cent collected to be spent wisely and economically. But every real American is proud to carry his share of the burden. In war and peace, I have seen countless examples of American pride and of the unassuming but inspiring courage of young American citizens. I simply don't believe for one second that anyone privileged to live in this country wants someone else to pay his own fair and just share of the cost of his government."

The adoption of the revision bill will make most of the necessary changes in the structure of the tax laws, with the exception of a few areas which we have reserved for further analysis and later recommendations. The revision bill will have far-reaching benefits both to the millions of individuals directly affected and to the whole country through the removal of tax road-blocks to economic growth. Once this revision bill has been adopted, we can look forward to making further reductions in tax rates as additional reductions in government expenditures are brought into sight. With appropriate reductions in rates, it will be possible to distribute the remaining tax burdens fairly among all citizens. We look forward confidently to the enactment of the tax revision bill.

Pennsylvania Turnpike Commission Awards $233 Million Bonds to Nationwide Syndicate

Revenue obligations reoffered to public at par to yield 3.10%. Represents financing for Northeastern Extension and Delaware River Bridge Construction

A coast-to-coast syndicate of 382 investment banking firms, headed jointly by Drexel & Co., B. J. Van Ingen & Co., Inc., Blyth & Co., Inc., and The First Boston Corp., made public offering on April 7 of a new issue of $233,000,000 Pennsylvania Turnpike revenue bonds, 3.10% series of 1954.

The bonds, maturing June 1, 1993, are priced at par plus accrued interest to yield 3.10% to maturity. The syndicate was awarded the issue by the Pennsylvania Turnpike Commission.

Proceeds from the sale of the bonds will be used to finance the 110-mile Northeastern Extension and the commission's share of a bridge across the Delaware River, linking the Pennsylvania Turnpike with the New Jersey Turnpike.

The bonds are subject to redemption at 103 if redeemed on or prior to June 1, 1964, and at prices decreasing to the principal amount if redeemed on or after June 2, 1989. The bonds may not be redeemed prior to June 1, 1959.

The Northeastern Extension of the Pennsylvania Turnpike will be a modern, limited-access highway beginning at Plymouth Meeting, near Philadelphia, on the Delaware River Extension and extending northward to an intersection in Lackawanna County, north of Scranton.

This new artery will skirt the Allentown-Bethlehem and Wilkes-Barre-Scranton Metropolitan Areas and provide easy access to the anthracite regions in the north and the popular Pocono Mountain resort sections.

The new bridge across the Delaware River will be a six-lane, high level structure connecting the Pennsylvania Turnpike at U. S. Route 18, north of Bristol, with the Pennsylvania Extension of the New Jersey Turnpike.

Upon completion of the new bridge in mid-1956, the last link will be forged in a chain of super highways extending from Portland, Maine, through the New England States, New York, New Jersey, Pennsylvania, Ohio and Indiana to near Chicago, Ill.

Interest on these bonds, according to legal counsel, is exempt from Federal income taxes and free from taxation within the Commonwealth of Pennsylvania.

With Lucas, Eisen Co.

(Special to The Financial Chronicle)

KANSAS CITY, Mo. — George M. Lawler has become affiliated with Lucas, Eisen & Waeckerle, Inc., 916 Walnut Street Building, members of the Midwest Stock Exchange.

Cruttenden Adds to Staff

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Loren W. Sloan is now connected with Cruttenden & Co., 316 North Broadway.

With Ellis, Holyoke Co.

(Special to The Financial Chronicle)

LINCOLN, Neb. — Charles G. Courtright has become connected with Ellis, Holyoke & Co., 134 North 13th Street.

Public Utility Securities

By OWEN ELY

Montana Power Company

The State of Montana has shown rapid growth in recent years—since 1950 population has gained 9%, oil and copper production 47%. Many new industries have come into the state including phosphorous, chrome, tungsten, fluorspar and lumber plants, and construction has started on a $62,000,000 aluminum plant. It is perhaps not generally realized that the state is the third largest in the Union. Its beautiful mountainous areas attracted nearly three million tourists last year. As President Corette of Montana Power recently stated "it is a rich, growing region with prosperous farms, mineral treasures, diversified industry, bustling cities and a great future."

Montana Power Company serves an area of 90,000 square miles containing about 448,000 people, or nearly 70% of the state's population. Electric service is provided in 181 communities and adjacent rural areas and natural gas in 29 cities and towns, plus miscellaneous services in Missoula and Superior.

Anaconda Copper is the company's largest customer, contributing about 27% of electric and gas revenues, an increase of about 55% since 1946. However, Anaconda's contribution to revenues is smaller now than in past years. Under existing contracts, Anaconda must pay Montana Power a minimum of $1,550,000 a year for electric service. However, total revenues from the mining company have been at least 3½ times that much in every year since 1946 and the amount has increased in each year. Montana Power has been serving natural gas to the Anaconda smelter at Great Falls since 1950.

Anaconda's Greater Butte Project, which recovers copper ore by a block-caving method that is almost entirely mechanical and electrical, began production in 1952, opening up an entirely new future for the state's mining industry. Production from the Kelley Mine is expected to be at the maximum rate of 15,000 tons of ore per day by the last half of 1954, making possible an annual output of approximately 90,000,000 pounds of metallic copper. Reserves are estimated at 35 years' supply. Operations at the Greater Butte Project are, of course, in addition to the conventional mining of higher-grade copper ore.

Anaconda now is constructing a 50,000-ton aluminum reduction plant near Columbia Falls in northwestern Montana, which will be in production in the spring of 1955, also an aluminum rod and wire mill and a rolling mill for sheet aluminum at Great Falls to process this metal. Montana Power will serve the Great Falls operations and will supply surplus power as available to the Columbia Falls plant when Bonneville Power Administration is unable to supply the latter's full requirements.

Thus, the situation with respect to the copper industry in Montana is such that today Montana Power seems to have greater protection against recession than ever before. The market for sale of surplus power in the Pacific Northwest and in Utah and Montana Power Company's ability to cut expenses by curtailing the Bird steam-electric plant and purchasing less power from Fort Peck and Canyou Ferry are further examples of "depression-proofing." President Corette in his recent talk before the New York Society of Security Analysts (from which the above is summarized) devoted considerable attention to Anaconda, presumably because analysts are sometimes critical of Montana Power's large proportion of industrial load.

The oil industry is of growing importance in Montana. The state produced nearly 12 million barrels of oil last year and three large oil refineries have been built or modernized in recent years, while an oil products pipeline is now under construction from Billings to Spokane. New uses are being found for the state's timber resources: Diamond Match has built a $2 million lumber and match block plant and at least four smaller plants manufacture laminated hardwood, panel board, prefabricated log homes, power and telephone poles, etc. Newly developed industries include wallboard, chrome operations, tungsten mill, fluorspar production, talc operations, metal fabrication and paint manufacture.

Montana Power is increasing its already-substantial gas reserves and by next fall expects to have plenty of gas and power available for new industries. An extensive advertising campaign may be undertaken at that time.

The company's capital structure is approximately as follows:

	Millions	Percentage
Long-Term Debt—Interest Bearing	$57	45%
Long-Term Debt—Non-Interest Bearing	7	6
Preferred Stock	16	13
Common Stock Equity	46	36
Total	$126	100%

Share earnings have increased from $1.94 in 1946 to $2.63 in 1953 and dividends from $1 to $1.60. In 1953 the company brought down 21% of the revenues to the common stock. An increase in earnings is expected in 1954 if the company is successful in obtaining a rate increase, in a case which has been appealed to the Supreme Court of the state.

Mutual Funds

By ROBERT R. RICH

AT THE CLOSE of its first full month of operation under the new name and broadened investment policy voted by shareholders on Feb. 23, the Capital Growth Fund of Group Securities, Inc. had assets of $3,200,000 invested in the common stocks of 84 different companies. Some 14 different industry groups were represented, of which the largest were building, chemical and drug, electronics, entertainment, investment company leverage stocks, mining and metallurgical, petroleum and natural gas, and steel.

In commenting on the selections, Distributors Group, Inc., the investment adviser and sponsor, states that the stocks held are of three different types currently in an attractive price position, (1) "Capital leverage" stocks (due to the outstanding bonds and preferred stocks of their issuers) (2) More volatile "price leverage" stocks in the lower price range and (3) "Special situation" stocks, which, because of exceptional prospects for the type of business they represent, corporate developments, current technical price position, or for other special reasons are expected to act better, price-wise, than stock market averages.

CHEMICAL FUND'S portfolio companies look forward to good business in 1954 with some anticipating new high levels of sales. Several of the larger portfolio companies have already reported a substantial upturn in business during March.

Earnings expectations are favorable. The expiration of the Excess Profits Tax on Jan. 1, 1954 should permit increases in earnings for many portfolio companies — providing there is no marked decline in general business activity from current levels.

Dividend payments have already shown a distinct upward trend. 15 of the portfolio companies either paid higher dividends during the first quarter of 1954 or adjusted their payments to a higher annual rate.

Despite these favorable prospects, the portfolio stocks continue to be priced attractively in relation to their earnings. Chemical Fund estimates that the stocks in its portfolio are selling about 13.6 times their estimated 1954 earnings. These ratios are lower than those which have prevailed historically and in recent years.

THE REDUCED public offering prices applicable to single sales of $25,000 or more in the Eaton & Howard Funds' Shares are now made available to certain non-profit, tax-exempt organizations whose separate purchases aggregate $25,000 or more within a 13-month period, pursuant to a written statement of intention and price agreement.

"INVESTMENT companies make it possible to direct the small savings of millions of people into equity investment in American business and help to maintain healthy capital markets," Edmond du Pont, senior partner of Francis I. du Pont & Co., investment banking and brokerage firm said.

In Kansas City, Mo., to address the annual sales conference of United Funds, Inc., investment trust group with assets of over $130 million, du Pont said that the mutual funds industry is "only scratching the surface."

"The growth of mutual funds has been spectacular in the last five years, and the future holds promise of even sharper gains," he told more than 500 representatives of United Funds, Inc.

"The total liquid savings of individuals in the country today are about $200 billion, and investments in mutual funds have reached a little over $4 billion," the Wilmington broker said. "No one knows better than the securities salesman where the savings are, and the field for investing company shares is almost unlimited," he declared.

"There is a growing need on the part of industry for additional funds to keep pace with technological improvements," du Pont said. "It takes $96,000 to provide the tools and buildings to keep one man employed in a modern steel plant. It takes between $15,000 and $20,000 of expenditure to provide a single job for the average worker in industry today. Ownership of investment trust shares provides a means for an individual to own a 'piece' of America's diversified industries."

COMMON STOCK holdings of The George Putnam Fund of Boston, a $75,000,000 "balanced" mutual fund, were increased slightly during the first quarter of 1954, representing 64% of the fund's total investments on March 31 compared with 63% on Dec. 31, 1953.

Common stock additions were: Chrysler Corp., 4,000 shares; Denver & Rio Grande Western Railroad, 10,000 shares; Northern Natural Gas Co., 12,000 shares; Smith, Kline & French Laboratories, 4,000 shares; Texas Gulf Producing Co., 7,000 shares; United-Carr Fastener Corp., 3,600 shares.

Eliminations were: Dow Chemical Co., 12,000 shares; Kalamazoo Vegetable Parchment Co., 11,000 shares; Merck & Co. Inc., 15,000 shares; Monsanto Chemical Co., 5,000 shares; Transamerica Corp., 12,000 shares; Union Pacific RR. Co., 600 shares.

At the end of the first quarter, the five largest common stock holdings were du Pont, National Lead, General Motors, Standard Oil (of New Jersey) and Atchison, Topeka and Santa Fe. Five industries made up approximately 55% of the common stocks: oils, electric utilities, railroads, chemicals and drugs, and insurance.

COMMON STOCK additions to the portfolio of Atomic Development Mutual Fund since Nov. 9, 1953 are listed below. Total net assets were at $773,251 on March 2, 1954:

*500	Algom Uranium Mines, Ltd.
*100	Blockson Chemical Co.
*2,000	Centre Lake Uranium Mines, Ltd.
850	Gunnar Gold Mines, Ltd.
*200	Kerr McGee Oil Industries, Inc.
85	Lindsay Chemical Co.
*400	Pronto Uranium Mines, Ltd.
*1,500	Rix-Athabasca Uranium Mines, Ltd.
*300	Vanadium Corp. of America
*1,000	Atomic Instrument Co.
800	Beckman Instruments, Inc.
900	Consolidated Engineering Corp.
360	General Dynamics Corp.
*200	Metal Hydrides, Inc.
1,600	Nuclear Instrument & Chemical Corp.
850	Tracerlab, Inc.
1,350	Vitro Corp. of America
*100	Allis Chalmers Mfg. Co.
75	Dow Chemical Co.
180	Goodyear Tire & Rubber Co.
*300	Harshaw Chemical Co.
70	National Lead Co.
*100	Phillips Petroleum Co.
85	Union Carbide & Carbon Corp.
*100	United Aircraft Corp.
80	Westinghouse Electric Corp.

*Indicates issues not represented previously.

Following is the list of states in which shares of Atomic Development Mutual Fund, Inc., may be offered for sale to the public:

Alabama, Arizona, California, Connecticut, Delaware, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Missouri, Nevada, New Jersey, New Mexico, New York, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Virginia, Vermont, Washington, West Virginia.

GROSS SALES of Dividend Shares, Inc., the $133,000,000 mutual fund managed by Calvin Bullock, were 35% greater in the first quarter of 1954 than in the same 1953 period, according to announcement by the Bullock firm made today. Net sales, representing gross sales less repurchases, were 63% greater than in the first quarter of 1953.

March 1954 gross sales exceeded those for March 1953 by more than 50%, it was stated. A contributing factor to this upturn in sales was the purchases made under the Dividend Thrift Plan, the periodic purchase program inaugurated in 1949. The number of new accounts opened in the first three months of 1954 was 50% greater than in the corresponding period of 1953.

National Sales at Peak; Cash-Ins Down 23%

Sales of the National Securities Series of mutual investment funds in the first three months this year rose to $16,474,000, a new high for any quarter, according to E. W. Hare, Vice-President of National Securities & Research Corporation, sponsors and managers of the funds.

This represents an increase of 42% over the $11,383,000 sales reported for the final quarter of 1953, and a rise of 14% compared with the $14,479,000 sales for the first three months last year.

Total assets of the seven funds comprising the series continued their record-breaking advance, reaching $158,478,000 on March 31. Mr. Hare said liquidations during the first quarter this year were 23% below liquidations in the corresponding 1953 quarter.

Firm's Fund Film Awarded Prize

Kidder, Peabody & Company will be awarded the third prize next Tuesday for its mutual fund film, "New Opportunity," in an annual competition sponsored by

Milton Fox-Martin Amyas Ames

the New York Sales Executives' Club and the National Visual Presentations Association, with Amyas Ames, partner of the firm, accepting the award.

The film, a "brain-child" conceived by Milton Fox-Martin, manager of Kidder, Peabody's Central Mutual Funds Department, is a 35 millimeter, black-and-white slide film that runs about 12 minutes. Mr. Fox-Martin was formerly a Vice-President of Trans-Films, Inc., a New York producer of industrial, commercial and television films.

Nearly a year in the making and first shown to a group of mutual fund sponsors at a breakfast preview at the Mutual Fund Conference in Boston last October, it is in cartoon-style and

based on the result of a survey of mutual fund shareholders conducted by Kidder, Peabody & Company.

From the survey, in which Kidder, Peabody determined ages, occupations and incomes of a statistical sample of mutual fund shareholders, a "story line" was developed with the cooperation of Lex Chiquoine and Doremus & Company, the firm's advertising agency. Facts, figures and charts, designed to give prospective investors essential information about mutual funds in easily-digested form, are worked into the film.

Walter E. Brunauer, President of the National Visual Education Association, in writing Mr. Fox-Martin about the award, said, "May I congratulate you on a fine contribution to the field of effective visual presentations." Mr. Brunauer referred to the film as a "sleeper" springing up from among the hundreds of films submitted by large corporations, film producers and agencies.

A number of mutual fund sponsors have purchased copies of the film and record sets for use by their wholesalers. Copies of the films being shown by the funds make no mention of Kidder, Peabody, so that they can be used by any fund or dealer.

First prize in the annual competition was won by The Reardon Company, for a film on paint, and second prize was given to the Metropolitan Sunday Newspapers.

Industry Program to Stress Information And Education

Although detailed, specific activities for the new public information program of the National Association of Investment Companies have not yet been worked out, a general pattern for the program, with two basic objectives, has been revealed to *The Chronicle*.

Edward B. Burr

The first objective will be to make information available to the public about the operations of investment companies and their role in the individual and family financial planning in the country's economy.

The second objective will be to measure public viewpoints toward the services of investment companies and to report findings back to the companies enabling them to render constantly more effective service.

Edward "Ben" Burr, who will become the Director of Public Information on May 3, when the program is officially launched, cautioned, however, that these objectives should not be regarded as final until the Public Information Committee of the N.A.I.C., to whom he reports, has completed studying the staff plans, and has incorporated the modifications they believe may be necessary to the success of this new, industry-wide effort, sponsored by both open- and closed-end investment companies.

"The program," Mr. Burr said, "is properly termed by the industry leaders to be a 'Public Information Program.' Its mission is informational-educational, an approach which reflects our belief that an informed public is most likely to be a confident public.

"The investment companies of the United States deserve public confidence. Their service is a genuinely useful service which, year by year, is playing an increasingly important role in the financial planning of families.

"It is only proper that the public should have a source to which it can turn for industry-wide statistical and other data about such an important business. The Public Information Program of the National Association of Investment Companies is designed to become a central source of information about investment companies, and, as such, will render a significant service to prospective investors and to the business itself."

Mr. Burr, until May 3, will continue as Director of the Educational Division for the Institute of Life Insurance.

PERSONAL PROGRESS

ARNOLD BAAR is resigning as a director of Selected American Shares in order to undertake an appointment as Judge of the Tax Court of the United States. The appointment was made by President Eisenhower and confirmed by the Senate.

Judge Baar was an active member of Selected American's board of directors since 1941 and, before that, was a director of Selected's managing agent.

Judge Baar received his Ph. B. from the University of Chicago in 1912, and his law degree from the same university, cum laude, in 1914. He is a member of Phi Beta Kappa and other honorary societies.

He wrote the first book published on the 1917 Federal excess profits tax law.

Shortly thereafter he was instrumental in founding a tax service which subsequently became Commerce Clearing House (CCH), a nationally recognized tax and legal reference service. For many years he was principal editor of the CCH tax publications. He is the author of "Taxes in Corporate Reorganizations," and of numerous articles in his specialized field of Federal taxes.

Judge Baar was admitted to practice before the Supreme Court of the U. S. in 1921, and has appeared before that Court and other Federal courts in many tax cases. His law firm, with offices in Chicago and Washington, is employed by many large corporations. It is known as "counsel for counsel" because it is so frequently retained as associate counsel in tax cases appealed to higher courts.

Mutual Fund Notes

PURCHASES of common stock by Nation-Wide Securities Company, Inc., a mutual fund managed by Calvin Bullock, during a three months' period ended Feb. 28, included 500 shares of Lone Star Gas Company, and 3,000 United Shoe Machinery Corporation.

Sales included 1,000 American Gas & Electric, 1,000 Armstrong Cork, 1,000 Bethlehem Steel, 3,600 Congoleum-Nairn, 2,300 Interlake Iron, 1,500 International Paper, and 1,000 West Penn Electric.

Stocks eliminated were Marshall Field, McGraw-Hill, National Fuel Gas, Pfeiffer Brewing, and Ruberoid.

Nation-Wide Securities on Feb. 28 last had 51.37% of its assets in bonds, preferred stocks or cash, compared with 43.77% at Nov. 30, 1953.

BROAD STREET Investing Corporation started its 25th anniversary year with first quarter sales of new shares the highest they have been since the mutual fund commenced operations in 1930.

According to an announcement by Francis F. Randolph, Chairman of the Board and President of the mutual fund, sales of shares added up to $3,418,000 for an increase of 71% over last year's first quarter sales of $1,991,000. Repurchases of shares by the fund also were higher in the period, but sales of shares exceeded repurchases by $2,685,000 and were up 66% over the first quarter of last year.

Despite the decline in general business activity, Mr. Randolph pointed out, investor interest in the mutual fund has been growing at an accelerated pace for some time. Sales of shares have shown successive increases in each of the last three months and in March were a record high.

Last year's net sales of $6,241,095, he added, were a peak for any one-year period, and the fund is well on the way toward setting a new record in 1954.

GROSS SALES of Television-Electronics Fund in the first three months of 1954 amounted to $4,003,297 and were the largest for any three months' period since the inception of the Fund, Paul A. Just, Executive Vice-President, Television Shares Management Corporation, reported Tuesday.

The sales record, Mr. Just said, was accompanied by an unusually low rate of redemptions which, for the three months' period, amounted to less than 2% of total net assets or but 15% of sales.

Sales combined with market appreciation had the effect of boosting the Fund's net assets to an all-time high of $36,491,226 on March 31, last, equal to $7.80 a share on the 4,668,619 shares outstanding. This represented an $8,656,144 increase in assets since the close of the Fund's fiscal year on Oct. 31, 1953, when they totaled $27,835,082 or $6.93 a share on the 4,019,840 shares then outstanding, after adjustment for a two-for-one stock split.

SOVEREIGN INVESTORS reporting as of March 31, 1954 shows record high figures in total net assets, number of stockholders and shares outstanding.

Assets were $871,749.27 compared with $748,813.38 Dec. 31, 1953 or a net gain of more than 16% for the first quarter in 1954.

The net asset value per share increased from $7.79 per share on Dec. 31, 1953 to $8.58 on March 31, 1954, an increase of 10% in the fourth quarter.

The Fund's 73rd consecutive quarterly dividend amounting to 10c per share was paid on March 29 to stock of record March 15, 1954 and is the same amount paid for the same period last year.

THE SEC has granted the application of Investors Diversified Services, Inc., for the necessary authority to split its common and common class A stock on a five-for-one basis. Accordingly, the proposed split will be submitted to the company's common stockholders at the annual meeting April 20. If approved at the meeting, the split will be made effective immediately thereafter.

CLOSED-END NEWS

UNITED CORP.

The United Corporation announced that net income of the company during the quarter ended March 31, 1954 amounted to $1,144,848, equivalent to 8.1c a share on the 14,072,149½ shares of common stock outstanding. This compared with net income of $1,036,268, equal to 7.4c a share on the same number of common shares during the first quarter of 1953.

Profit on sales of securities, included in net income, was larger in the first quarter of 1954 than in the 1953 period. During the 1954 quarter profit on sales of securities amounted to $394,870, or 2.8c a share, compared with $218,383 or 1.6c a share in the first quarter of 1953.

This improvement in profit on sales of securities more than offset a decline in dividend income caused by the sale of 244,339 shares of Niagara Mohawk Power Corporation common stock in January, 1954.

Total net assets of United on March 31, 1954 had an indicated market value of $76,320,605, equal to $5.42 a share, compared with $71,106,271 or $5.05 a share on Dec. 31, 1953 and $72,738,177 or $5.17 a share on March 31, 1953.

ADAMS EXPRESS COMPANY

The Adams Express Company announced today that the net asset value of its common stock at March 31, 1954 is estimated at $41.36 per share on 1,321,980 shares outstanding compared with $37.08 at Dec. 31, 1953 on the same number of shares then outstanding. Its holding of American International Corporation, a majority-owned subsidiary, is included at net asset value at both dates.

AMERICAN INTERNATIONAL

American International Corporation announced today that the net asset value of its common stock at March 31, 1954 is estimated at $26.22 per share on 938,000 shares outstanding compared with $23.39 at Dec. 31, 1953 on the same number of shares then outstanding.

PETROLEUM CORP. OF AMERICA

Petroleum Corporation of America announced today that the net asset value of its common stock at March 31, 1954 is estimated at $26.43 per share compared with $22.51 at Dec. 31, 1953.

GENERAL AMERICAN INVESTORS

In the report of General American Investors Company, Inc., Frank Altschul, Chairman of the Board, stated that as of March 31, 1954 net assets were $51,121,359. After dividends of $247,443, the increase for the three months was $4,587,684.

Net assets, after deducting $5,993,000 Preferred Stock, were equal to $25.07 per share of Common Stock on the 1,800,220 shares outstanding as compared with $22.52 on Dec. 31, 1953.

Net profit from the sale of securities for the three months was $747,266. Net income from dividends, interest and royalties for the period, after expenses and state and municipal taxes, was $251,414.

Net assets as of March 31, 1954 were $51,121,359 and on Dec. 31, 1953, were $46,533,674.

PRINCIPAL HOLDINGS
March 31, 1954

Par Value		Market Value
$7,500,000	U. S. Treas. Secur.	$7,545,714
1,000,000	Missouri Pacific R.R. Co. 1st & Ref. 5%	1,110,000
Shares		
41,000	Amerada Pet. Corp.	7,708,000
10,000	Superior Oil Co.	6,700,000
79,000	United Gas Corp.	2,251,500
44,000	Skelly Oil Co.	2,112,000
80,000	Elec. Bd. & Sh. Co.	1,600,000
47,500	Sig. Oil & Gas Cl. A	1,235,000
10,000	Seaboard Oil of Del.	1,155,000
18,000	Thompson Pro., Inc.	1,071,000
17,500	Gulf Oil Corp.	980,000
20,000	National Steel Corp.	980,000
20,000	Newmont Min. Corp.	960,000
20,000	Pitts. Cons. Coal Co.	910,000

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Insurance Stocks

The major investment banking houses specializing in fire and casualty insurance stocks are now in the process of compiling and publishing their annual reports on the operating results of insurance companies for the year just ended.

One of the most complete and detailed of such compilations is that recently published by Blyth & Co., Inc. of 14 Wall Street, New York. It covers pertinent statistical information on 60 of the major fire and casualty companies including figures on changes in premium volume. Also shown are per share figures on operating results segregated as to underwriting or investment earnings. Results have been adjusted to show the changes in the stockholders' equity by fluctuations in the unearned premium reserve. However, no allowance has been made for potential Federal income taxes to be paid upon the realization of such equity. Comparisons between the results for 1953 and 1952 are included in the tables.

One of the interesting features of the Blyth report is the aggregates it presents on a selected list of fire and casualty companies. Operating figures for the past two years are presented for the 17 fire companies which make up the Standard & Poor's stock fire index. This compilation taken from the Blyth report is shown below:

Operating Results

	Period Ended Dec. 31 1953	1952	Percent Increase
Net Premiums Written	$263.34	$248.09	+6.1
Loss Ratio	56.3%	56.4%	
Expense Ratio	38.8%	38.8%	
Underwriting Profit	$8.56	$6.30	
Change in Equity	3.56	4.70	
Investment Income	15.47	14.24	
Federal Income Taxes	7.43	6.23	
Operating Earnings	$20.16	$19.01	+6.0
Indicated Dividend Rate	$8.27	$7.03	
Ratio Indicated Dividend Rate to Net Investment Income	53.4%	49.4%	
Liquidating Value	$299.10	$290.31	

While the above tabulation is for the 17 so-called fire companies it should be remembered that close to 31% of their total volume of business is derived from casualty lines. According to the report this accounts for the fact that even though there was a moderate decline in earnings from fire and allied lines, increased earnings from the casualty business acted as a compensating factor enabling the group to show a gain in underwriting results.

The sharp recovery in casualty operations is demonstrated in a similar tabulation of eight casualty companies prepared by Blyth.

Operating Results

	Period Ended Dec. 31 1953	1952	Percent Increase
Net Premiums Written	$501.43	$441.28	+13.6
Loss Ratio	57.4%	60.4%	
Expense Ratio	36.7%	37.5%	
Underwriting Profit	$19.71	$1.98	
Change in Equity	8.03	6.99	
Investment Income	18.93	16.71	
Federal Income Taxes	15.03	5.85	
Operating Earnings	$31.64	$19.83	+59.5
Indicated Dividend Rate	$8.96	$7.91	
Ratio Indicated Dividend Rate to Net Investment Income	47.3%	47.3%	
Liquidating Value	$334.59	$310.99	

As compared to the nominal underwriting profit in 1952 the above averages show a large gain for the year 1953. Investment income also improved but the dramatic change was in the underwriting results.

The foregoing compilation by Blyth of averages for certain of the leading fire and casualty groups provide a good indication of the operating results for the past year. Individual companies may vary from the trends, depending upon the importance of different insurance lines, but the above averages provide a good general guide of operations of the major companies.

Continued from first page

Full Employment and Its Dangers

"full employment" doctrine does not imply the advocacy of unemployment, deflation, depression or exploitation. It is not true, as Senator Murray claimed in 1945, that "one is either for a full employment program with responsibility in the national government, or for unemployment." And it is sheer demagoguery to say that "Congress wants unemployment" —to quote a 1945 headline from "The New Republic" — because Congressmen voted against deficit financing. The dangers lurking between the lines of the Employment Act deserve to be discussed publicly. They may be obvious to economists, but they are far from obvious to the general public, and they are being carefully concealed by the advocates of "full employment" philosophy.

The "Full Employment" Doctrine Defined

The philosophy of "full employment" which underlies the Employment Act of 1946, is based on two premises: that man, as a social being, has an inherent right that society provide him with an opportunity to earn a decent living. As the then Secretary of Commerce Henry Wallace wrote in 1945: "The essential idea is that the Federal Government is ultimately responsible for full employment." Or as a writer in "Harper's" magazine put it, the Federal Government must give "a firm assurance that unemployment never again will be permitted to become a national problem.[1] The second premise rests, as the New York "Times" pointed out at the time, "on the assumption that private enterprise, left to its own devices, cannot provide sufficient employment"; — a popular notion during the thirties and forties resulting from the psychological impact of the depression and the economic theories of Lord Keynes. According to Professor Alvin Hansen, for instance:

"A free-market economy is risky, uncertain, and inherently unstable. . . . Under the play of automatic forces, entrepreneurs, workers, and owners of property faced grave risks. . . . It was an endless seesaw, and with it came and went social disturbances, and political upheavals. . . . A significant point in economic evolution was reached when the urbanized, industrialized sector outweighed the rural sector. It is this that made economic instability no longer tolerable. The government can no longer stand by while the economy plunges from 'boom to bust.' Thus it has at long last become necessary for the government to take positive action designed to provide a stable and adequate flow of total expenditures sufficient to assure full employment."[2]

Given the two premises, that man has an inherent right to a job, and that private enterprise cannot always provide the necessary number of jobs, the conclusion follows logically that the government has to step in to create the necessary jobs. But how far should the government go to create jobs? That is the crucial question which is not mentioned at all in the Employment Act. The art of government consists in balancing conflicting rights and needs, in establishing a priority of claims. Where in this hierarchy of rights ranks "full employment"? If the policy of "full employment" should conflict with the requirements of a stable currency and the maintenance of a free enterprise economy, how will the government decide?

The Employment Act of 1946 implies the pious hope that such a conflict can be avoided. But there can be no doubt, that the sponsors of the Act were convinced that in case of a conflict, "full employment" was to be regarded by the government as its primary objective, and there can equally be no doubt that political pressure groups, then as now, are in favor of "full employment" if necessary at the cost of inflation. As the CIO expressed it recently: ". . . obviously budget balancing cannot have priority over the objective of full employment. . . . The growth of the economy, and not abstract budget balancing must be the frame of reference for government fiscal policy. . . . The functioning of the money and credit system must be attuned to the full employment economic goal of the American people. It must look to continuous expansion, rising consumption levels, new and improved plants and equipment, high levels of construction as well as easy financing for needed Federal and other public improvements."[3]

According to the Employment Act, "it is the policy and responsibility of the Federal Government to use all practicable means . . . to promote maximum employment." No safeguards are provided in the Act for the stability of the dollar. The Act mentions the need to "foster and promote free competitive enterprise and the general welfare," and various government officials have stated that they regard these statements as "implied safeguards," but the leaders of the "full employment" philosophy of the forties apparently did not have such mental reservations, and it is doubtful whether these "implied safeguards" would be very effective, if the government was faced with the alternative of either unemployment or inflation.

The "Full Employment" Advocates

There is an old saying that one can learn a great deal about a measure by looking at its advocates. Almost without exception, the chief sponsors of the "full employment" philosophy during the forties consisted of well-known New Deal "liberals" and the proponents of soft money and of various more or less socialistic welfare schemes. They included Henry Wallace, Senators Murray, O'Mahoney, Wagner, and Thomas (Utah), as well as Congressmen Morse and Patman. The entire weight of the New Deal organization was thrown behind the idea. In his message to Congress in 1944, President Roosevelt included the recommendation of the National Resources Planning Board that the Federal Government should provide "full employment for the unemployed and guarantee . . . a job for every man released from the armed forces and the war industries at fair pay and working conditions." The same recommendation was made a part of the Democratic platform during the 1944 Presidential campaign. There is no reason to assume that the "full employment" doctrine originated with President Roosevelt. It seems much more probable that it was sold to him by Henry Wallace and other "liberals" as sound economic policy, as a backdoor to a planned economy—and as a clever campaign strategy for 1944. "The essential idea," explained Henry Wallace, who as Secretary of Commerce was to have administered the government spending under the "full employment" scheme, "is that the Federal Government is ultimately responsible for full employment and can discharge its responsibility only by planning in advance to synchronize all its programs with the programs of private enterprise so that the whole national income will be maintained at the full employment level."

The cost of such a program did not scare its advocates. Senator Murray proposed a "$40 billion annual investment fund." This at a time, when postwar economic plans (such as the CED-Grove, the Ruml-Sonne, and the Twin-Cities reports) placed regular postwar Federal expenditures at $15-21 billion. With a $40 billion "full employment" fund at his disposal, Henry Wallace would have been by far the most powerful man in the United States, and with his predilection for "advance planning" and "synchronization," and his close affiliation with fellow-travelers, the American free enterprise economy would have had hard sledding, had the original plan been put into effect.

But surprisingly few people looked that far ahead in 1945 and 1946. Henry Wallace's "Sixty Million Jobs" and Sir William Beveridge's "Full Employment in a Free Society" were best-sellers. "Any postwar government" declared Mr. Wallace, "which is not dedicated to full employment will fail its people." And Governor Dewey, speaking as head of the Republican party, replied: "We Republicans are agreed that full employment shall be the first objective of national policy."

It required a good deal of political courage to oppose the "full employment" stampede of Henry Wallace and his "liberal" associates. Senator Taft led the opposition. In attacking the wisdom of the policy as well as its underlying social philosophy, he pointed out that the doctrine, that the Federal Government is responsible to provide a job for anyone who wants to work, had a strong family resemblance with the "right-to-work" section (Section 18) of the Soviet Constitution. Today, such a resemblance between a pending bill and an essential part of communist doctrine would suffice to kill the measure. Eight years ago, however, Congress and the American people were not yet seriously perturbed about the communist menace. As one writer in "The Nation" put it: "We on the left agree with Senator Taft and the Soviet Constitution that the socialist organization of the national economy is the one certain way to guarantee full employment. We are not yet ready to state dogmatically that it is impossible to have both full employment and private enterprise."[4]

The pressure and propaganda in favor of "full employment" was tremendous. Sober inquiries as to what was meant by the phrase "full employment," and how it could be achieved without inflation and socialistic planning, were brushed aside.

According to Senator Murray, the bill offered by him and his associates represented "the legal acknowledgment that the national government assumes the responsibility for prosperity in peacetime. . . . We say that the Federal Government is the instrument through which we can all work together to accomplish full employment and high annual income."[5] A feeling of extreme urgency was being generated by the advocates of the bill. "If we do not embody all these safeguards (a 65 cents Minimum Wage Law; $25 unemployment compensation for 26 weeks; the Wagner-Murray-Dingle Health Insurance bill; the Fair Employment Practice Act; the Mississippi Valley Authority Act; etc.) around labor into law in a very short time" argued Congressman Link, "we will have a depression which will dwarf the depression of the thirties. The pinch is here right now and Congress must act now. Party lines should not be considered. Both political parties should work together now as they did during the war, for this is just as critical a period in our country as during the war."[6]

"In the face of serious unemployment, no Administration or Congressional majority can pursue a do-nothing policy and survive" warned the Nashville "Tennessean," "Henceforth, no Administration which fails to take precautions to prevent a break-down in the national economic health can long survive. The American people take no stock in economic Calvinism. They believe that the economic cycle can be forestalled, that millions are not foreordained and predestined to unemployment and insecurity, that the commitments of science and religion hold the promise of a real economy of abundance."[7]

How all this could be accomplished by the "full employment" policy without inflation and economic regimentation, was not made clear. In fact, some of the backers of the "full employment" philosophy were admittedly little concerned about the danger of inflation and the preservation of free enterprise. "Free enterprise as it existed in this country before the war was incompatible with full employment," commented a writer in "The Nation." "The independent businessman . . . will be wise to do less worrying about sacred-cow words like 'free enterprise.'"[8] "Once the postwar replenishment boomlet subsides," predicted another writer, "60 million jobs . . . will demand even more thoroughgoing government direction for our economic life."[9]

The Revised Version of the Bill

Writing of the original version of the bill, Raymond Moley protested against "the insincerity of enacting into law political slogans which mean either nothing or something which no one really wants. "For 'full employment', literally enforced, would mean the end of all classes in America."[10] The original draft was gradually whittled down, but even the amended Senate bill (which was eventually adopted with only minor changes), according to the "New York Journal-American," still threatened to "inflict the British plan of state socialism upon the country. It would establish deficit financing and huge public expenditures as the permanent Federal policy and would subject agriculture, industry, commerce and employment to rigid Federal control."[11]

Despite such sharp outbursts of criticism during the months when the bill was under discussion, the final version supposedly satisfied "even Senator Taft."

The advocates of the bill had striven for a general policy declaration; while the opponents had tried to block financial implementation. In the end, tired of the lengthy arguments and pressed by propaganda, the Senate passed the bill 71 to 10, almost without debate; but provided no funds. An explosive issue seemed safely out of the way. The wording of the Act was sufficiently vague to mean whatever the reader might wish it to mean. The term "full employment" had disappeared completely. A high-sounding committee had been created "to study and advise," but since Congress had provided no funds, no immediate action could be taken. Compared with the original ideas of Messrs. Wallace, Murray and associates, the Employment Act of 1946 seemed on first sight quite deflationary—in an emotional as well as monetary sense. It looked like the expression of a pious hope of Congress, safely tied down with restrictions. Thus at least the outcome appeared to the opposition.

The "liberals" thought otherwise. As one of them hailed their victory:

"Reactionaries succeeded in changing the wording of some of the bill. For 'full employment' as an objective they substituted 'maximum employment.' This is not even a verbal victory. Maximum employment . . . might even conceivably mean a condition where jobs would go begging . . . . Bear in mind that the Act provides for the utilization of the Government. . . . If those resources cannot solve the problem of unemployment, then nothing will."[12]

Another commentator wrote of the supporters of the Employment Act as "chuckling quietly over the slick job of word-juggling they did to get the measure passed."

"It isn't called the 'Full' Employment Act anymore. It's just the Employment Act. This is typical of the compromises made to secure passage. . . . For instance, take the preamble of the Act as passed. It says that Congress declares 'it is the continuing policy and responsibility of the Federal Government . . . to . . . utilize all its resources . . . to promote maximum employment, production and purchasing power.' That's boiling a 100-word sentence down to 20 words to get at the guts of it. . . . The whole job was one of the smoothest pieces of legislative legerdemain ever pulled off in Congress."[13]

Who pulled the "full employment" legerdemain? How could the opposition be taken in as it apparently was? There are two reasons. When the Act was passed in 1946, the American people still lived in a left-wing fake paradise in which capitalism was pictured as the dark age of yesterday, while the supposedly everlasting American-Russian friendship promised a tomorrow of 'abundance brought about by a quasi-socialistic revamping of society. Harry Hopkins, for instance, assured the American people "that Russia's interests, so far as we can anticipate them, do not afford an opportunity for a major difference with us in foreign affairs. . . . They want to maintain friendly relations with us."[14] When the Employment Act was passed in 1946, President Truman and his Cabinet, for all we know, still shared the opinion of President Roosevelt, who, when warned that Stalin might seek to conquer the world, replied: "I just have a hunch that Stalin isn't that kind of a man. Harry tells me that he's not, and that he doesn't want anything but security for his country. I think if I give him everything I possibly can, he . . . will work with me for a world of peace and democracy."[15]

As long as this philo-communist trend continued in American foreign policy, a domestic economic policy based on free enterprise had a difficult stand. It will be an interesting job for future historians to unravel the behind-the-scene history which led to the Employment Act of 1946—no less interesting and significant than would be the uncovering of

1 Stanley Lebergott: "Shall we guarantee full employment?"—Harper's, Feb. 1945.

2 Alvin H. Hansen: "Economic Policy and Full Employment," McGraw-Hill, 1947, p. 233, 234.

3 Congress of Industrial Organizations: "Maintaining Prosperity," Report by the Committee on Economic Policy, 1953, p. 39 and 40.

4 I. F. Stone: "Capitalism and Full Employment," *The Nation*, Sept. 1, 1945, p. 198, 199.

5 *Survey Graphic*, Oct. 1945, p. 398.

6 Congressman William W. Link (Ill.), Congressional Record, 79th Congress, Second Session, Appendix A-204, Jan. 24, 1946.

7 Nashville *Tennessean*, Feb. 6, 1946.

8 I. F. Stone: "Capitalism and Full Employment," The Nation, Sept. 1, 1945, p. 198, 199.

9 Leo Barnes: "The Anatomy of Full Employment," The Nation, May 26, 1945, p. 593, 597.

10 *Newsweek*, June 18, 1945.

11 *New York Journal-American*, Jan. 4, 1946.

12 Francis A. McMahon: "Plain Speaking," reprinted in the Congressional Record, 79th Congress, Second Session, Appendix, A-1287, (March 12, 1946).

13 Peter Edson in *Washington Daily News*, Feb. 11, 1946.

14 Robert Sherwood: "Roosevelt and Hopkins."

15 Lord Vansittart: "Even Now," 1949, p. 115, 116.

the full story of Pearl Harbor and Yalta.

The second reason for the passage of the Employment Act was the fact that the spectre of unemployment of the '30s, when even seven years of compensatory spending had not reduced the number of unemployed below the 7-8 million level, was still fresh in the minds of the people. The public was in favor of the "full employment" philosophy, because the people were led to believe that the Government could actually prevent mass unemployment, and they did not ask at what price this could be done. They only thought in terms of the "100 million man-years" lost through unemployment during the '30s. The people wanted "security." As Stuart Chase observed:

"The desire for security is displacing the desire to make a million. . . . This profound and revolutionary urge for security, work and hope, affects all classes in the community, especially the middle-income groups. . . .

"What is it the people want?

"They want work. . . .

"They want to be rid of worry about where the next meal is coming from. . . .

"They want things which quantity production has made so visible. . . .

"They want to be able to pick their things, their homes, their jobs. . . ."[16] Does the Employment Act of 1946 really assure such a degree of socio-economic security? Millions of Americans in 1946 seemed to accept the "full employment" propaganda at face value. No less than 40 national organizations with many millions of members backed the idea. Some of these organizations, such as the A. F. of L., the C. I. O. and the National Farmers Union had reason to believe that the "full employment" policy would at least promote the special interests of their members. But in the case of the majority of the supporters, including such organizations as the American Association of University Women, the United Council of Church Women, the National Board of the YWCA, and the National League of Women Shoppers, the enthusiasm for the "full employment" philosophy was apparently the result of the widespread "liberal" propaganda of the day and misinformation regarding the possible consequences of the measure.

Present Status of the Employment Act

Eight years have passed since the passage of the Employment Act, but except for a mild recession in 1949-50, no opportunity has presented itself thus far to test the efficacy of the Act. It may well be the irony of fate that the middle-of-the-road Eisenhower Administration will have to apply for the first time the law which represents the keystone of left-wing New Deal policy, and if the application of the law proves ineffective, President Eisenhower, and not Henry Wallace and his associates, will reap the "serious consequences" of "public disillusionment and anger." The public will not ask—nor will it be permitted to find out—whether the failure of the "full employment" policy was the result of faulty execution, or of fundamental defects in the law.

The "Employment Act"—"the Basic Policy Directive"

For political reasons, the Eisenhower Administration cannot openly challenge the "full employment" philosophy. It cannot even discuss its manifest dangers without exposing itself to the loud cries of the opposition that the Republican Administration is "in favor of unemployment." In this respect, the Truman Administration was in a politically far less dangerous position, when business activities declined in 1949. There was no doubt in the public's mind, that the Democrats were 100% in favor of "full employment." Organized labor knew that it had a friend at court, while the unions feel (rightly or wrongly) that the present Administration favors "business." The official statements regarding the importance and dangers of the Employment Act which were made during the Truman Administration, are, therefore, particularly illuminating, since they were made in an atmosphere which was reasonably free from political pressure. Secretary of the Treasury John W. Snyder, for instance, declared in 1952 that the Employment Act of 1946 "now represents the basic policy directive bearing upon economic objectives for the Treasury, as well as for other Government departments and agencies."[17] When asked whether he regarded the declaration of policy of the Act as "balanced in its emphasis upon high level employment and price stability," Mr. Snyder replied that the "Congressional declaration . . . provides a workable statement of policy and I do not think it needs to be changed at this time. Nevertheless, I believe that the declaration would have been better if it had made reference to the maintenance of general price stability as a complementary goal of economic policy. In practice, this is not, perhaps, of substantial importance because the statement has generally been interpreted to involve this consideration; and in promoting the aims of the Employment Act of 1946, price stability has been kept in mind."[18]

The answer of William McC. Martin Jr., then as now Chairman of the Board of Governors of the Federal Reserve System, to the same questions were conspicuously more cautious. "The possible weakness in the declaration of policy contained in the Employment Act of 1946 is that it makes no specific mention of policy to prevent inflation. For this reason the statement may seem open to interpretation as a directive to promote expansion of production and employment regardless of the means employed and the possible injurious consequences that might develop from unsustainable increases in credit, excessive rises in prices, over-development in specific areas, and distortion in the redistribution of income. These are the consequences which arise out of inflation and which lead ultimately to deflation and depression and attendant evils of financial dislocation and unemployment. It may be said, however, that notwithstanding the emphasis on expansive policies . . . the declaration of policy . . . implicitly includes the objective of restraining excessive and unsound expansion. . . . If this interpretation of the policy declaration . . . is a correct and valid one in the light of the legislative background of the Act, then that policy declaration adequately serves the purpose of providing a broad and workable guide for the determination of credit and monetary policy. . . . On the other hand, if there is any widespread doubt that the policy declaration has this meaning, then it would be desirable to amend it to include a more explicit reference to the objective of longer-run monetary stability."[19]

Dr. Keyserling, speaking for the Council of Economic Advisers, agreed that "the emphasis in the Act upon the objective of high-level employment is clear. . . . While price stability is not specifically mentioned as an objective . . . there is no doubt that it is implicit in several of the stated objectives. . . ." But Dr. Keyserling added significantly: "An explicit statement would run the risk of causing useless [!] controversies over the meaning and desirable degree of price stability and of making price stability a goal that competed with the objectives of maximum employment, production, and purchasing power instead of assisting in their achievement."[20]

Dr. Keyserling is perfectly correct, of course, in saying that it is impossible to obtain a general agreement regarding the meaning of price stability and its relative desirability in relation to other objectives. But the same objection applies also to the concept of "full employment"—in fact more so. There is no agreement among economists as to what constitutes the "total labor force" and "unemployment." Are housewives with small children part of the labor force? How about students who work part-time? Is a man "unemployed" if he works 20 hours as compared with his usual 35 hours—or if he works only 10 hours? The Employment Act of 1946 does not attempt to answer these questions. Moreover, our statistical techniques are still inadequate to provide reasonably up-to-date and exact employment data. The U. S. Census Bureau, for instance, admits that 250,000 more or 250,000 fewer people may be out-of-work than the official figures show; the error being due to statistical and mathematical difficulties.

How to Create Full Employment

But, without quarreling about details, let us assume that we accept the premise that it is the duty of the Federal Government to provide "full employment." To what extent will the Government be able to accomplish the task?

Union leaders and New Deal politicians are at present busy creating the impression that the administration can create "full employment" by government fiat, just as it was able to "build the Panama Canal." The fact that unemployment has been increasing since last fall is represented to the American people as proof that the Eisenhower administration is under the influence of "reactionary" forces which are "deliberately turning their backs on the more progressive money and credit policies of the past two decades which helped to spark off recovery and spearheaded the great postwar economic growth."[21] "The tools for abundance are at hand," but, as Mr. Reuther told the C.I.O. convention last November, "the reckless monetary adventure of the Treasury Department officials . . . a pathetic example of the antiquated economic ideas in Washington" threaten "the continued growth of the economy." Such statements may be good politics for union leaders and Democratic politicians, but they do not fully reflect the true picture.

Some of those who opposed the Employment Act of 1946 were dubious from the beginning, whether "full employment" can be achieved by government fiat—except in a completely regimented society. The "Christian Century," for instance, warned that "the most dangerous fact about the Murray bill is that its supporters claim that it will do certain things which, in actual working, it may not do at all. . . . The resulting public disillusion and anger may have serious consequences."[22]

The Reliability of Business Forecasts

The success of all planning depends upon our ability to predict future developments. We have learned a good deal in this respect, but no responsible economist would claim that we can predict with any degree of certainty whether we shall have 3½ or 4½ million unemployed during the summer unless the government intervenes. The Eisenhower administration, for instance, despite its access to a vast amount of statistical data, did not anticipate last fall that unemployment would reach 3½ million by February 1954. Let us assume that the administration decides that we will probably have 4½ million unemployed during the summer, and hence sets to work to create a corresponding number of jobs in order to provide "full employment." For some reason, however, business picks up, and only 3½ million unemployed are available to fill the government-created jobs. Unless we cancel some of the government-made jobs on short notice, which is impossible except in the case of jobs of the leaf-raking variety, jobs will go begging, and wages and prices will rise.

The simple truth, which the American public does not realize, is that business forecasting has not yet been developed into a precision instrument. We can anticipate general trends. As early as May 1953, for instance, when the rest of the people were still worried about inflation, the Federal Reserve System observed soft spots in the economic structure, and reversed its tight money policy. But anticipating general business trends is something quite different from predicting the number of unemployed six months hence, and it is this latter type of quantitative forecasting which is needed to achieve "full employment" through government intervention. It is doubtful whether we can plan at the present time within a margin of error of about a million jobs, even if we do not allow for so-called "unforeseeable" events, such as the Korea incident which turned the 1949-50 recession into an inflationary boom.

This impossibility of making quantitative forecasts is the first and most serious obstacle which confronts the application of the "full employment" policy. But the American public is largely unaware of this difficulty, and government economists and business leaders added to the confusion when, at the beginning of the year, they burst forth with a flood of predictions for 1954, dressed up in the form of "scientific" forecasts, while most of them were actually only more or less informed guesses, and many merely wishful after-dinner-talk.

The anti-cyclical tools at the disposal of the government (to execute whatever policy is decided upon) are equally inadequate as our forecasting tools. "Compensatory spending," the Keynesian panacea of the thirties, has its definite limitations. "Taxing idle capital," once recommended by New Deal liberals, is no longer advocated even by some of the economists who otherwise believe in the efficacy of compensatory spending. Even public works programs have their limitations as make-work tools.

Expansion of Credit

No doubt, we can create additional money and credit, either through an easy credit policy of the Federal Reserve System, or through monetization of the Federal debt. Legal reserve requirements can be reduced, the Federal Reserve can follow an "easy" rediscount policy, and can create additional reserves through open market operations. The Treasury can finance its deficit and refinance maturing issues through low interest bearing Treasury Bills and Certificates (which would tend to be absorbed by the Federal Reserve and commercial banks and thus create additional deposit currency) rather than through long term bonds (which are more likely to be purchased by investors and thus absorb funds available for investment). (The present campaign to stimulate the purchase of government savings bonds, inherently an anti-inflationary tool, conflicts, of course, directly with the present anti-deflationary policy of the Treasury—a good illustration of how difficult it is to reverse the bureaucratic machinery when the economic situation demands a change.) The government can also help to ease the capital market directly, through loans to industry and consumers, especially real estate loans.

In short, we can increase the supply of money and credit, but such a policy does not necessarily result in substantial increase in employment, as the advocates of "full employment" often imply. There are many hurdles between "easy money" and "full employment." "Easy money" can fan the fires of a boom, but "easy money" alone cannot stop a downward spiral. Before 1939, the excess reserves of member banks amounted to more than five billion dollars, which would have permitted a credit expansion of between $25 and $30 billions. Treasury bills sold at a nominal discount rate. Yet the plethora and cheapness of credit failed to set the economy into motion. You just can't make a horse go faster by pushing the bridle. The Treasury and the Federal Reserve can make it easy for business and consumers to obtain credit, but they cannot force business or consumers to borrow.

Public Works

The situation is different with regard to public works, and there is seemingly no dearth of potential public works projects which the government could undertake. According to the C.I.O., "our schools and hospitals, our recreation parks and centers, offer almost limitless investment opportunities. . . . Important action remains to be taken in the conservation and development of natural resources. . . . Government must pursue a vigorous role in helping to break the bottlenecks in the economy. The adequacy of basic capacity and raw material resources must be continuously matched against the needs of an expanding economy. . . . We have, of course, only made a beginning in housing. The job of providing decent, modern dwellings for the vast middle-income groups, as well as the underprivileged low income population is still largely before us."

Let us concede that all these opportunities for public works projects exist, in addition to better highways. Very few, if any of these projects, however, are suitable for an aggressive "full employment" policy, which is to avoid the dangers of inflation. The planning of public works takes a great deal of time—and the Eisenhower administration did not inherit from its predecessors a portfolio of public works plans, approved by Congress and ready to be undertaken on short notice. Even after a project is started, it usually requires a good many months until the full complement of jobs is available. By that time, a short recession would have run its course, and public works projects would compete with private business for men and materials. As far as short-lived recessions are concerned, public works are not a suitable anti-cyclical tool; and unfortunately we do not know, for instance at the present moment, whether we are faced with merely a minor recession (as the administration assumes) or a prolonged depression (as the union leaders seem to fear).

There are additional arguments, primarily of a political nature, against heavy reliance on public works. The Eisenhower administration was elected on basis of a platform which opposed the expansion of Federal activities into the domain of State and local gov-

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16 Stuart Chase: "The Road We Are Traveling," 1914-1942, The Twentieth Century Fund, 1942, p. 84, 85.

17 "Monetary Policy and the Management of the Public Debt," Joint Committee on the Economic Report (Patman Committee) Joint Committee Print, 82nd Congress, 2d Session, Part 1, p. 2.

18 *Ibid*, p. 16.

19 Ibid p. 238.

20 Ibid p. 847, 848.

21 Congress of Industrial Organizations: "Maintaining Prosperity," p. 40.

22 "The Christian Century," Sept. 19, 1946.

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Full Employment and Its Dangers

ernments, but any major public works program would result in such an expansion, since State and local governments are not financially equipped to pursue an anti-cyclical public works policy on their own. Some people will argue, of course, that "full employment" is more important than administrative decentralization and local self-government. But are the people really ready to accept the logical consequences of centralized government? Are our Southern Democrats willing to abandon segregation in order to stimulate employment by accepting Federal funds for the construction of badly needed schools and hospitals? Since non-segregation is part of our national policy, Congress cannot very well allocate money for the construction of schools and hospitals which will be used for the perpetuation of segregation.

The Eisenhower Administration is also on record as opposing the expansion of Federal activities into the field of private business. Most of the projects listed by the C.I.O. fall into fields where government investments would not compete with private investments, except in the case of medium-priced housing (already opposed by real estate interests), the development of natural resources (opposed by private utility interests), and the expansion of the "basic capacity" of our economy, which may refer to aluminum smelters, synthetic rubber plants and steel mills—but also to a "yard stick" automobile factory (along the lines of Hitler's **Volkswagen**) to produce a cheap car for the low income groups and force a reduction in the price of all cars, an argument familiar from the days of the T.V.A.

The greatest weakness, however, of a large-scale public works program — large enough to provide millions of jobs—would be the difficulty of synchronizing it with the often rapid fluctuations of the business cycle. Once started, major projects cannot be abandoned abruptly as private business picks up and calls for additional workers. Public works programs are not like a spigot which can be turned on and off at will. If business picks up, while the public works program is running at the "full employment" level, private business would have to compete with the government to attract workers. Wages and prices would rise, even though much of the plant capacity of private industry would still stand idle, which in turn would be a serious deterrent for private capital investments.

"Full Employment" and Inflation

This brings us to the second problematic aspect of the "full employment" theory: the hidden inflationary dynamite. Professor Alvin Hansen can hardly be regarded as a "reactionary," yet, while advocating a policy of "full employment," he added: "Full employment programs are loaded with inflationary dangers. To deny that would be folly. We must learn what they are; and we must gird ourselves to master them." [23] Knowing the dangers, unfortunately, is not enough. Many Administrations have pursued economic policies, which they knew were dangerous, but which seemed politically expedient. The failure of the Truman Administration and of Congress to enforce a deflationary policy after the war, and especially after the outbreak of the Korean conflict, indicates clearly how difficult it is to make the proper choice between sound economic policy and momentary political expedience. The Republicans are fully aware of the fact that their economic policy is suspect with millions of voters. They are leaning backward, therefore, to proclaim their faith in the "full employment" philosophy, while hoping that they will not get too deeply involved in the potential conflict between various more or less effective "full employment" measures on the one hand, and inflation and economic controls on the other. With an eye on the Congressional elections in November, the Administration has been drifting away from its 1952 campaign promises toward a "New Dealish legislative program in Republican wrapping," promising to use "every legitimate means available to the Federal Government" to sustain "full employment." Every? There is nothing "illegitimate" about a "planned" inflation nor about the introduction of a controlled economy. As "The Wall Street Journal" warned a month before President Eisenhower's "New Dealish" program for 1954 was unveiled: [24] "The danger for the Republicans is that they will seek to stay in office for no other purpose than the holding of office." Production and consumption —even employment — indicate a high degree of prosperity at the present time — even though admittedly the danger exists that the present mild recession may deepen. But it does not seem to be so much the fear of a prolonged depression, which stirs the ire of the "full employment" advocates, as the fact that the Government has not intervened as yet to offset the mild recession. It is not enough that we are prosperous, that production, sales and employment are near record levels, we must have no diminution of the inflationary boom, no adjustment of the inflationary excesses of the postwar years. Pursued to its logical conclusion, such a policy may be political "wisdom," but it may also prove long-range economic suicide.

Yet it will require a great deal of political courage to oppose the inflationary forces. "Full employment" is above all a political slogan, and its advocates have succeeded in making it the standard of measure by which the success or failure of an Administration is to be judged in the eyes of the people. There are millions of voters in this country who would be quite willing to see the value of the dollar decline "a little," provided their real income increases as a result of government-created jobs and government-supported wage levels. Since the beginning of the war in Europe, the dollar has depreciated about 50%, but wages have increased about 180% (measured in terms of hourly earnings in manufacturing), and farm prices have risen from 90 to 250% or parity. Neither labor nor farmers, numerically the most powerful political pressure groups, have thus far any reason to complain about the effects of the inflation. They are joined by the vast army of mortgage debtors who were able to pay off their obligations in depreciated dollars. The farm debt, for instance, declined almost 25% during the war years. That many of the "inflation profiteers" are also owners of life insurance policies and war bonds, and are thus among the "expropriated," does not carry much weight with most of them, since the increase in their current income far outweighs the losses suffered on their savings.

Even among prominent economists, one finds the same tendency reflected in Dr. Keyserling's statement of subordinating currency stability to the ideal of maximum employment. According to Professor Slichter of Harvard, for instance:

"... the maintenance of a stable price level involves greater injustices even than a slowly rising price level. The injustice that ~~accompanies a stable price level~~ is represented by the unnecessary amount of unemployment that accompanies recessions sufficiently severe to offset the price rises of booms. Hence, it seems to me that if the country must choose between the injustice that a slowly rising price level imposes on pensioners, owners of savings accounts, and beneficiaries under insurance policies, and the injustice that a stable price level imposes on the workers who must accept the consequences of the periodic unemployment it implies —we shall naturally choose the kind which gives the country more production and more employment and, therefore, a higher standard of consumption." [25]

The answer is not quite as clear-cut. Professor Slichter does not explain why it should be easier to eliminate the troughs of the business cycle (the periods of unemployment) than the peaks (which produce the "price rises of booms"). From a monetary and strictly fiscal point of view, it is much easier to curb inflationary excesses than prevent depression. From a political point of view, on the other hand, the opposite tends to be true: politicians find it easier to spend than to economize. Professor Slichter's statement thus seems to imply that the American people will "naturally choose" on basis of political considerations. This may be true, but such a political decision can hardly be called an ethical decision, justifying the use of the term "injustice." —Moreover, the more or less slow expropriation of the fixed income groups—and a 50% expropriation within 15 years can hardly be called "slow"—has certain social and political consequences which will make themselves felt over the course of years.

In writing about the "uncomfortable paradise of full employment," a writer in "Harper's" some years ago warned that "the middle class will tend to be squeezed. . . . Teachers, professional men, salaried office workers, rentiers, business and government bureaucrats, and all the other components of the middle class will be relatively worse off. . . . The squeezed middle class . . . will encourage anti-labor (really anti-wage) legislation[26] in an effort to preserve its real share of the national income. This will not be easy to accomplish. As labor becomes richer and stronger, it may not tolerate havings its gains limited. Also as the middle class declines in wealth, it will decline in political power. . . . Social changes are to be expected." [27]

The author might have pointed to Germany and France as examples of what can happen to the social and political structure of a country whose middle class has been weakened or wiped out by inflation. As Mr. White writes in his recent "Fire in the Ashes": "When inflation happens slowly, as in France, over a generation, it slowly changes the habits and morals. Money is no longer as it is in England or America, and all the patterns of thrift, planning, decency, good taste that go with solid money become stupidity. . . . The quick, fox-like men leap ahead as they ride the inflations' crests; the sharpsters, not the producer, succeeds. Those who do what is best for the community—who save, who plan, who put aside —are wiped out; those who grab, thrive." [28] We have been fortunate in this country in not having been the victims of a run-away inflation in three generations. But even the "mild" inflation of the past few years has not been without effect. While the total per capita savings have increased nominally from $3,600 to more than $4,300 since the end of the war, measured in terms of stable dollars (1947-49 = 100) they have actually declined from $4,680 to $3,740.

A social upheaval, as it has plagued Europe since World War I, partly as a result of inflation, may not have worried the "liberal" sponsors of the "full employment" philosophy, whose very ideal has always been one form or other of social leveling, but it should give food for thought to the Eisenhower Administration.

As long as there are idle men and idle machines, the increase in the volume of credit, or the creation of public works is not inflationary, as the experiences of the thirties have amply proven. However, as we approach full employment (probably within about 4% to 5% of full employment: 2½ to 3 million unemployed out of a labor force of 64 million) bottlenecks develop which tend to drive up prices and wages. The shortage of steel in the early fifties represents an example in point. According to classical economic theory, booms come to an end as they run into full employment. Rising prices, wages and profits, and increasingly sloppy cost control—the whole inflationary atmosphere as we have experienced it during the past decade—hamper exports (e.g. price-supported farm staples), stimulate imports (e.g. watches, steel tubing, toys, cheese, rugs, etc.), and eventually result in a decline in domestic demand. Inventories grow. Production has outrun demand. Such is the situation in which we find ourselves today. The "full employment" policy which the government had to pursue, *nolens volens*, as an unavoidable by-product of the war, and since 1950 of the Korea conflict and the rearmament program,[29] has run its course. The economy needs a new hypodermic to maintain its pace. Can we adjust the new inflationary shot in such a way that it will restore "full employment" without starting a new inflationary spiral?

Inflation or a Controlled Economy

It can be done, no doubt, by a system of rigid price and wage controls. As Lord Beveridge warned in "Full Employment in a Free Society": "If trade unions under full employment press wage claims unreasonably, maintenance of a stable price level will become impossible; wage determination will perforce become a function of the state." One wonders, how many union leaders, who are now clamoring for an "aggressive" full employment" policy, would be willing to explain to their members that a "full employment" program may necessitate the freezing of wages, as it did during the war, when we had deficit-financed full employment. Ordinarily, if union wage demands in a given industry push the price of the product to the point of diminishing demand, plants will close and workers will lose their jobs. John L. Lewis' coal industry offers a perfect example.

In a free economy, the same can happen—and often has happened —to the economy as a whole: prices exceed the ability and willingness of the people to buy. As a result production, and eventually prices decline. Such a downward adjustment, however, is to be avoided through the "full employment" policy, as the government supports the inflated price and wage levels. According to the CIO, we must have "continuous expansion" and "rising consumption levels." "The total volume of consumer spending for goods and services *must* rise—if full production and employment are to be maintained. . . . To achieve rising levels of consumer spending, current disposable income must be increased rapidly, and the rise must be greatest for the millions of low and middle income families whose needs are great but whose limited buying power now sharply limits consumption." [30] In other words, according to the CIO, wages should be pushed higher through government intervention in order to generate more purchasing power.

The argument seems convincing to the uninformed, but there is obviously something wrong with this popularization of Keynesian economics, on which the whole "full employment" doctrine is based. Under the Keynesian influence, we have come to believe that high wages for low income groups should automatically stimulate sufficient demand for consumers goods to assure a high rate of employment. Actually, it has not worked out that way. Factory wages reached an all-time high in 1953, and so did consumers' income—yet demand has not been maintained at the "full employment" level. One answer, of course, is that the postwar "full employment" boom was financed through a fantastic credit inflation which made possible a sales volume far in excess of current earnings. Commercial bank loans increased by $50 billion (165%) since 1945, real estate credits by about $65 billion (185%), and short and intermediate consumer credit by more than $22 billions (almost 400%). Jobs were created and wages rose, because the economy as a whole and the individual consumer mortgaged future earnings by going heavily into debt.

But there is another aspect to the problem. It is possible that "over-saving" (due, according to Keynesian economics and New Deal politicians, to the fact the high-income groups receive an excessive share of the national product) is not the only cause of unemployment, and that a disproportional rise in wages (disproportional to the increase in purchasing power of fixed income groups) may cause a similar dislocation and thus ultimately unemployment? Our knowledge of the flow of purchasing power is still insufficient to answer the question. But there is certainly reason to assume that "underconsumption" on the part of fixed income groups, who have been priced out of the market as a result of the inflation of the past ten years, is contributing to the present decline in employment. Union economists argue that the price increases since 1950 were not the result of unjustified wage hikes — unjustified, namely, in terms of "productivity." Actually, the much-emphasized "increased productivity of the worker" is very often largely the result of additional capital investments rather than of greater skill or harder work on the part of the workers. In theory, therefore, most of the increase in income due to increased efficiency should really accrue to the factor of production which has made the increase possible, namely the investor, who provided the machines. To the extent that the major portion goes to labor, labor gains at the expense of the investor.

Moreover, there are many valuable and essential activities in

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23 Alvin H. Hansen: "Economic Policy and Full Employment," McGraw-Hill, 1947, p. 233, 234.

24 "The Wall Street Journal," Nov. 4, 1953.

25 Sumner Slichter: "Inflation and Savings: The Long View" in "Savings in the Modern Economy, A Symposium, edited by Heller, Boddy, and Nelson, Univ. of Minnesota Press, 1953, p. 71.

26 Note the pressure for a tightening of the Taft-Hartley Act, and the growing number of state "right-to-work" laws as indications of the counter-offensive of the middle class against the growing power of the unions.

27 Robert L. Heilbronner: "The Uncomfortable Paradise of Full Employment," "Harper's," April, 1947.

28 From extracts from Theodore White: "Fire in the Ashes," William Sloane Assn., 1953—which appeared in "The Wall Street Journal," Nov. 5, 1953.

29 The annual increase in defense spending since 1950, e.g., has been equal to about 2½ times the value of the entire automobile industry.

30 CIO: "Maintaining Prosperity," p. 24.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Apr. 12	§68.2	*69.1	69.3	98.9
Equivalent to—					
Steel ingots and castings (net tons)	Apr. 12	§1,626,000	*1,648,000	1,652,000	2,230,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Mar. 27	6,452,150	6,461,150	6,303,050	6,482,050
Crude runs to stills—daily average (bbls.)	Mar. 27	¶7,000,000	7,013,000	7,123,000	7,000,000
Gasoline output (bbls.)	Mar. 27	24,088,000	23,460,000	24,511,000	22,659,000
Kerosene output (bbls.)	Mar. 27	2,539,000	2,365,000	2,994,000	2,411,000
Distillate fuel oil output (bbls.)	Mar. 27	10,370,000	10,758,000	10,818,000	10,159,000
Residual fuel oil output (bbls.)	Mar. 27	8,371,000	8,399,000	8,928,000	8,863,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Mar. 27	180,384,000	179,399,000	179,170,000	162,878,000
Kerosene (bbls.) at	Mar. 27	17,989,000	18,050,000	19,506,000	18,417,000
Distillate fuel oil (bbls.) at	Mar. 27	61,435,000	63,341,000	69,137,000	59,757,000
Residual fuel oil (bbls.) at	Mar. 27	44,093,000	44,507,000	45,941,000	41,002,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Mar. 27	601,426	609,959	595,031	715,333
Revenue freight received from connections (no. of cars)	Mar. 27	588,724	590,590	590,002	667,828
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Apr. 1	$329,541,000	$283,564,000	$208,148,000	$342,036,000
Private construction	Apr. 1	198,852,000	163,272,000	100,956,000	158,480,000
Public construction	Apr. 1	130,689,000	120,292,000	107,192,000	183,556,000
State and municipal	Apr. 1	113,699,000	99,031,000	89,237,000	160,207,000
Federal	Apr. 1	16,990,000	21,261,000	17,955,000	23,349,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Mar. 27	6,670,000	6,750,000	5,755,000	8,363,000
Pennsylvania anthracite (tons)	Mar. 27	474,000	510,000	530,000	325,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Mar. 27	100	95	90	112
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Apr. 3	8,463,000	8,491,000	8,586,000	8,019,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Apr. 1	267	277	223	171
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Mar. 30	4.634c	4.634c	4.634c	4.376c
Pig iron (per gross ton)	Mar. 30	$56.59	$56.59	$56.59	$55.26
Scrap steel (per gross ton)	Mar. 30	$24.33	$24.17	$23.83	$44.25
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Mar. 31	29.700c	29.700c	29.700c	28.450c
Export refinery at	Mar. 31	29.050c	29.300c	28.800c	34.375c
Straits tin (New York) at	Mar. 31	95.500c	94.000c	85.250c	120.250c
Lead (New York) at	Mar. 31	13.500c	13.000c	12.500c	13.500c
Lead (St. Louis) at	Mar. 31	13.300c	12.800c	12.300c	13.300c
Zinc (East St. Louis) at	Mar. 31	10.250c	9.750c	9.250c	11.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Apr. 6	110.52	99.96	99.89	94.53
Average corporate	Apr. 6	110.88	110.88	109.97	106.56
Aaa	Apr. 6	116.02	116.02	115.63	109.79
Aa	Apr. 6	113.12	113.12	112.19	108.70
A	Apr. 6	110.34	110.34	109.60	105.86
Baa	Apr. 6	104.66	104.48	103.13	102.30
Railroad Group	Apr. 6	109.60	109.60	107.80	104.66
Public Utilities Group	Apr. 6	110.70	110.70	110.15	106.21
Industrials Group	Apr. 6	112.37	112.19	112.00	108.88
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Apr. 6	2.45	2.50	2.51	2.89
Average corporate	Apr. 6	3.12	3.12	3.17	3.36
Aaa	Apr. 6	2.85	2.85	2.87	3.18
Aa	Apr. 6	3.00	3.00	3.05	3.24
A	Apr. 6	3.15	3.15	3.19	3.40
Baa	Apr. 6	3.47	3.48	3.56	3.61
Railroad Group	Apr. 6	3.19	3.19	3.29	3.47
Public Utilities Group	Apr. 6	3.13	3.13	3.16	3.38
Industrials Group	Apr. 6	3.04	3.05	3.06	3.23
MOODY'S COMMODITY INDEX	Apr. 6	437.6	435.4	426.8	413.5
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Mar. 27	222,161	211,110	212,753	231,803
Production (tons)	Mar. 27	239,337	245,325	228,258	247,441
Percentage of activity	Mar. 27	90	92	88	94
Unfilled orders (tons) at end of period	Mar. 27	355,230	375,158	320,960	455,688
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Apr. 2	107.13	108.03	107.78	107.19
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)†—					
Number of shares	Mar. 20	849,612	905,313	871,712	908,548
Dollar value	Mar. 20	$37,580,870	$40,655,258	$39,583,535	$39,800,077
Odd-lot purchases by dealers (customers' sales)†—					
Number of shares—Total sales	Mar. 20	908,256	977,923	848,192	874,256
Customers' short sales	Mar. 20	7,855	7,792	9,757	5,221
Customers' other sales	Mar. 20	900,401	970,131	838,435	869,035
Dollar value	Mar. 20	$38,099,914	$41,514,314	$35,777,843	$34,205,705
Round-lot sales by dealers—					
Number of shares—Total sales	Mar. 20	305,420	332,440	278,950	285,870
Short sales	Mar. 20	------	------	------	------
Other sales	Mar. 20	305,420	332,440	278,950	285,870
Round-lot purchases by dealers—					
Number of shares	Mar. 20	251,110	256,550	297,640	302,240
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total Round-lot sales—					
Short sales	Mar. 13	328,220	424,290	439,640	343,160
Other sales	Mar. 13	9,148,260	10,113,300	9,491,410	8,497,950
Total sales	Mar. 13	9,476,480	10,537,590	9,931,050	8,841,110
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Mar. 13	942,970	1,075,860	924,720	888,750
Short sales	Mar. 13	177,360	215,930	180,620	171,890
Other sales	Mar. 13	756,810	874,860	757,930	717,890
Total sales	Mar. 13	934,170	1,090,790	938,550	889,780
Other transactions initiated on the floor—					
Total purchases	Mar. 13	291,210	373,000	282,500	211,920
Short sales	Mar. 13	9,400	22,500	23,600	10,800
Other sales	Mar. 13	254,750	346,900	253,410	197,260
Total sales	Mar. 13	264,150	369,400	277,010	208,060
Other transactions initiated off the floor—					
Total purchases	Mar. 13	368,091	457,126	482,368	296,585
Short sales	Mar. 13	42,240	41,000	56,420	81,970
Other sales	Mar. 13	372,764	377,675	367,310	358,605
Total sales	Mar. 13	415,004	418,675	423,730	440,575
Total round-lot transactions for account of members—					
Total purchases	Mar. 13	1,602,271	1,905,986	1,689,588	1,397,255
Short sales	Mar. 13	229,000	279,430	260,640	264,660
Other sales	Mar. 13	1,384,324	1,499,435	1,378,650	1,273,755
Total sales	Mar. 13	1,613,324	1,878,865	1,639,290	1,538,415
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Mar. 30	110.9	110.8	110.7	109.8
Farm products	Mar. 30	99.9	99.6	99.0	98.3
Processed foods	Mar. 30	105.0	104.8	105.2	104.6
Meats	Mar. 30	93.8	92.0	93.2	93.0
All commodities other than farm and foods	Mar. 30	114.4	114.4	114.3	113.3

*Revised figure. ¶Includes 630,000 barrels of foreign crude runs. §Based on new annual capacity of 124,330,410 tons as of Jan. 1, 1954, as against the Jan. 1, 1953 basis of 117,547,470 tons.
†Number of orders not reported since introduction of Monthly Investment Plan.

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of January	116,247	110,291	89,895
Stocks of aluminum (short tons) end of Jan.	39,319	30,052	7,274
AMERICAN GAS ASSOCIATION—For month of February:			
Total gas (M therms)	6,184,900	6,556,291	5,609,824
Natural gas sales (M therms)	5,791,528	6,161,548	5,244,402
Manufactured gas sales (M therms)	83,761	79,063	108,485
Mixed gas sales (M therms)	309,611	315,680	256,955
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of March (000's omitted):			
Total U. S. construction	$952,637	$766,601	$1,200,048
Private construction	545,970	459,514	695,732
Public construction	406,667	307,087	504,316
State and municipal	349,803	238,444	424,933
Federal	56,864	68,643	79,383
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on Feb. 27	22,897,000	22,920,000	23,075,000
Spinning spindles active on Feb. 27	19,656,000	19,652,000	20,277,000
Active spindle hours (000's omitted) Feb.	8,697,000	8,631,000	9,561,000
Active spindle hours per spindle in place Feb. 27	442.1	431.5	517.5
EDISON ELECTRIC INSTITUTE:			
Kilowatt-hour sales to ultimate consumers—Month of January (000's omitted)	34,235,499	33,039,679	31,928,126
Revenue from ultimate customers—month of January	611,624,200	589,705,300	574,587,100
Number of ultimate customers at Jan. 31	50,006,954	49,899,065	48,442,683
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49=100—Month of Feb.:			
Seasonally adjusted	123	125	134
Unadjusted	125	124	136
GAS APPLIANCE MANUFACTURERS ASSOCIATION—Month of February:			
Automatic gas water heater shipments (units)	175,700	*164,400	188,500
Domestic gas range shipments (units)	146,600	138,600	185,900
PORTLAND CEMENT (BUREAU OF MINES)—Month of January:			
Production (barrels)	17,769,000	20,243,000	18,856,000
Shipments from mills (barrels)	11,143,000	14,130,000	13,520,000
Stocks (at end of month—barrels)	25,857,000	*19,231,000	21,294,000
Capacity used	74%	84%	79%
RAILROAD EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of January:			
Total operating revenues	722,334,399	749,825,836	812,981,712
Total operating expenses	586,933,588	626,806,095	621,106,161
Operating ratio	81.26	83.59	76.40
Taxes	70,276,316	71,460,303	96,869,054
Net railway operating income before charges	44,417,884	32,574,078	77,797,463
Net income after charges (estimated)	21,500,000	18,000,000	56,000,000
METAL PRICES (E. & M. J. QUOTATIONS)—Average for month of March:			
Copper (per pound)—			
Electrolytic domestic refinery	29.686c	29.669c	29.289c
Electrolytic export refinery	29.168c	29.000c	34.451c
Lead—			
Common, New York (per pound)	12.935c	12.818c	13.404c
Common, St. Louis (per pound)	12.735c	12.616c	13.204c
‡‡Prompt, London (per long ton)	£86.356	£82.756	------
‡‡Three months, London (per long ton)	£85.250	£81.956	------
Zinc (per pound)—East St. Louis	9.637c	9.375c	11.029c
††Zinc, London, prompt (per long ton)	£74.258	£72.225	------
††Zinc, London, three months (per long ton)	£73.079	£70.681	------
Silver and Sterling Exchange—			
Silver, New York (per ounce)	85.250c	85.250c	85.250c
Silver, London (pence per ounce)	73.728	73.750	74.000
Sterling Exchange (Check)	$2.81448	$2.81292	$2.81605
New York Straits	91.833c	85.034c	121.442c
§§New York, 99% min.	90.833c	84.034c	120.442c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$200.444	$188.000	$198.115
¶Antimony, New York Boxed	31.970c	31.970c	37.970c
Antimony (per pound) bulk, Laredo	28.500c	28.500c	34.500c
Antimony (per pound) Laredo	29.000c	29.000c	35.000c
Platinum, refined (per ounce)	$86.889	$90.000	$90.000
†Cadmium, refined (per pound)	$1.70000	$1.70000	$2.00000
‡Cadmium (per pound)	$1.72500	$1.72000	$2.07500
§Cadmium (per pound)	$1.75000	$1.75000	$2.15000
Cobalt, 97%	$2.60000	$2.60000	$2.40000
Aluminum, 99% plus, ingot (per pound)	21.500c	21.500c	20.500c
Magnesium ingot (per pound)	27.000c	27.000c	26.423c
**Nickel	60.000c	60.000c	60.000c
Bismuth (per pound)	$2.25	$2.25	------
MOODY'S WEIGHTED AVERAGE YIELD OF 100 COMMON STOCKS—Month of March:			
Industrials (125)	5.07	5.29	5.36
Railroad (25)	6.70	6.92	6.07
Utilities (not incl. Amer. Tel. & Tel.) (24)	5.00	5.09	5.16
Banks (15)	4.81	4.77	4.33
Insurance (10)	3.17	3.08	3.29
Average (200)	5.14	5.32	5.34
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of Jan. (000's omitted):			
Savings and loan associations	$467,219	$568,926	$476,706
Insurance companies	107,717	126,079	111,469
Bank and trust companies	262,978	290,925	278,003
Mutual savings banks	84,815	128,307	92,827
Individuals	211,986	225,234	220,072
Miscellaneous lending institutions	237,527	282,855	221,538
Total	$1,372,242	$1,622,326	$1,400,615
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of Feb. (000's omitted):			
Exports	$1,169,000	$1,089,900	$1,197,000
Imports	792,000	836,900	855,928

*Revised figure. †Based on the producers' quotation. ‡Based on the average of the producers' and platers' quotations. §Average of quotation on special shapes to plater. ¶Domestic, five tons or more but less than carload lot, boxed §§Price for tin contained. **F.o.b. Port Colburne, U. S. duty included. ‡‡Average of daily mean of bid and ask quotation at morning session of London Metal Exchange. ††Delivered where freight from E. St. Louis exceeds 0.5c.

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Full Employment and Its Dangers

our society, such as teaching and nursing, where increased output due to mass-production methods is not feasible. Should the teachers' and nurses' salaries remain stationary, since as a group, they cannot point to "increased productivity"? This has actually happened in many parts of the country, with the resulting demoralization and deterioration of teaching and the acute shortage of nurses.

Nobody can blame a union worker for trying to obtain as large a share of the national product as he can. If he does so at the expense of other groups of society, those who are being expropriated—to use the traditional vernacular of labor—have only themselves to blame for not fighting back. It is something entirely different, however, if the government uses its power to support the process of expropriation of the middle class for the benefit of organized labor, by guaranteeing "full employment," thus making it possible for union labor to demand higher wages without fear of pricing themselves out of the labor market. In the long run, "full employment" without freezing of wages will result in the expropriation by government fiat of a substantial segment of the population.

Given the present situation, and assuming that the decline in consumers' demand is in part due to the fact that fixed income groups have been priced out of the market, what effect would a drastic "full employment" drive have on the economy as a whole? Would it help to remove the basic forces of disequilibrium, or would it prove merely a palative, another hypodermic, to obscure the need for adjustments after the recent inflationary excesses? For almost forty years, we have pursued a farm support program, which has prevented the adjustment of farm production to changing world consumption patterns. While designed at first to cushion the impact of a drastic change after World War I, the policy has grown into a system of insulating the American farmer from the market; at heavy expense to the American taxpayer and consumer. Are we going to do the same with regard to wages and industrial production? We have found that farm price support is impossible without production controls, yet thus far production planning by government authorities has not led to a reasonable balance between supply and demand. Similarly we shall find that the "full employment" policy, if actually successful in achieving maximum employment, will necessitate wage and price controls. Nor can we tolerate strikes, since they result in unemployment in related industries, and even after a major strike has been settled, the economy does not return to a "full employment" equilibrium, but the desire to "catch up," to fill back-orders, produces a situation as we experienced it after the great steel strike in 1952, with over-employment, premiums for over-time, black-market prices for bottle-neck products, and an last temporary price rise.

Once we control wages, prices and profits, we have virtually eliminated the market mechanism. The resulting vaccum will have to be filled by centralized planning. Scarce resources—and under "full employment" labor is always scarce—will have to be allocated according to an overall plan, as workers were allocated during the war, when "non-essential" industries were restricted in hiring help. Nor can the goverment permit the unregulated investment of capital. Instead, we would have to follow the British—and Soviet—system and allocate capital according to the over-all plan of the central planning authorities. This may please those "on the left" who favor a "socialist organization of the national economy . . . as the one certain way to guarantee full employment," but are we ready to sacrifice the American free enterprise economy to achieve the vague goal of "full employment"?

Is this picture of where the "full employment" policy may lead us, if carried to its logical conclusion, just another "Orwell "Nineteen Eighty-four" spectre? Not necessarily. The New Dealers, who advocated the "full employment" doctrine which crystallized in the Employment Act of 1946, were not worried about the growth of economic controls. In fact, they favored economic "planning." Nor were they adverse to a process of economic leveling. "Mild" inflation seemed to them a step to "prosperity," not a step toward social and economic dislocation. They did not see—and they do not see today — that "full employment" at any price might be good politics for a short time, but that, if "successful" in creating full employment, it may also turn America into a regimented society, and may seriously weaken our economic system. Cyclical troughs—the peaks and valleys in business and employment — can best be eliminated by preventing inflationary booms. The problems which we face today, were created during the postwar years of credit inflation, over-employment, and often excessive wage demands and price advances. To perpetuate these excesses will not cure the ills which worry us today.

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The State of Trade and Industry

mobile and Buick showed gains, while Pontiac and Cadillac held firm, it adds.

The Kaiser-Willys plant in Toledo was slowed by eight inches of snow which forced it to close down at noon Tuesday. Operations were resumed on Wednesday of last week. Studebaker produced only trucks at South Bend. Hudson worked four days and will be down this week.

The United States combined car and truck total for the year now stands at 1,764,923 vehicles, about 10% behind 1953 when 1,952,530 units were assembled, notes "Ward's."

Canadian manufacturers, this trade authority points out, are still running ahead of their 1953 volume to date, despite a 20% drop in truck production. They have turned out 107,884 cars and 26,289 trucks to push the year's total figure to 134,173 units.

Manufacturers, the United States Department of Commerce reports, sold $23 billion worth of goods in February. The dollar volume was unchanged from January, but $1.1 billion less than in February, 1953. Inventories of manufacturing firms on February 28 were valued at $46.3 billion. This was $500 million lower than at the end of January, but $1.5 billion above the year-earlier level. New orders received by manufacturers in February amounted to $21.4 billion—a $400 million gain over January. These bookings, however, were $2.6 billion less than in February, 1953.

Business inventories, it further reports, rose in February, while sales declined. Stocks held by manufacturers, wholesalers and retailers were valued at $80.3 billion as of February 28. This was $193 million higher than at the end of January and $2.6 billion above the year-earlier level.

February sales were slightly over $43 billion. This was $362 million under the January volume and $1.6 billion below February, 1953. At the February sales rate, business firms had enough stocks to last 1.9 months, compared with 1.7 months' supplies a year earlier. Though inventories increased in February, the month-end total was down $2 billion from the peak last October.

Steel Production Scheduled to Drop Slightly This Week

The first rise in steel ingot production since Feb. 21 was recorded the past week, says "Steel," the weekly magazine of metalworking.

The rise was one point from a revised rate, and put the week's pace at 69% of capacity, the highest since the week ended March 7.

Not all districts made increases but some showed sharp enough improvements to slightly more than offset declines in others, it states.

A further upturn in steel production is forecast by a survey by Solar Steel Corp., a nation-wide steel warehouse firm, with general offices in Cleveland. It found that steel purchasing by the metalworking industry will increase around 36% above the February level by May 15, if expectations of executives of a large segment of the country's metalworking industry are realized fully. The survey was based upon reports from 240 steel consuming companies and further indicated that by April 15 steel purchasing will have increased almost 20% over February.

Thirty-seven per cent of the firms reported their steel inventories in February of this year were higher than in the corresponding month of last year, 29% said they had reduced inventories and 34% reported no significant change. The average increase reported in steel inventories in February over a year ago was roughly 14%. Their steel purchases in February of this year ran approximately 30% below the 1953 peak. Replies in the survey suggest that the majority of steel users would require about 40 days to reduce inventories to normal levels and place themselves in position to resume purchasing at a rate equal to current usage.

Judging from inquiries out now for general requirements, the Navy and other government services will buy more steel in April than they average per month in the first quarter of this year, this trade magazine notes.

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity for the entire industry will be at an average of 68.2% of capacity for the week beginning April 5, 1954, equivalent to 1,626,000 tons of ingots and steel for castings, as against 1,648,000 tons and 69.1% (actual) a week ago.

The industry's ingot production rate for the weeks in 1954 is now based an annual capacity of 124,330,410 tons as of Jan. 1, 1954.

For the like week a month ago the rate was 69.3% and production 1,652,000 tons. A year ago the actual weekly production was placed at 2,230,000 tons or 98.9%. The operating rate is not comparable because capacity was lower than capacity in 1954. The percentage figures for last year are based on annual capacity of 117,547,470 tons as of Jan. 1, 1953.

Electric Output Holds to Lower Trend in Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, April 3, 1954, was estimated at 8,463,000,000 kwh., according to the Edison Electric Institute.

The current figure represents a decrease of 28,000,000 kwh. below the preceding week, but an increase of 444,000,000 kwh., or 5.5% over the comparable 1953 week and 1,244,000,000 kwh., over the like week in 1952.

Car Loadings Decline 1.4% Below Previous Week

Loadings of revenue freight for the week ended March 27, 1954, decreased 8,533 cars, or 1.4% below the preceding week, according to the Association of American Railroads.

Loadings totaled 601,426 cars, a decrease of 113,907 cars or 15.9% below the corresponding 1953 week, and a decrease of 124,061 cars or 17.1% below the corresponding week in 1952.

U. S. Auto Output Falls 2% Below Level of Week Ago

Automotive production for the latest week dipped slightly to 2% below week ago, but was still only about 6% under the 21-week high attained during the March 15-20 period, "Ward's Automotive Reports" states.

The industry, "Ward's" reports, assembled an estimated 113,569 cars last week, compared with 117,034 (revised) in the previous week. A year ago the weekly production was 131,739.

Last week, the agency reported there were 21,838 trucks made in this country, as against 22,151 (revised) in the previous week and 28,997 in the like 1953 week.

"Ward's" estimated Canadian plants turned out 6,209 cars and 1,683 trucks last week, against 8,283 cars and 2,094 trucks in the preceding week and 6,909 cars and 2,922 trucks in the comparable 1953 week.

Business Failures Ease Slightly in Latest Week

Commercial and industrial failures dipped slightly to 267 in the week ended April 1 from 277 in the preceding week, Dun & Bradstreet, Inc., reports. Despite this down-turn, casualities remained considerably heavier than a year ago when 171 occurred or in 1952 when there were 185. In comparison with the pre-war level, however, mortality continued 14% below the toll of 310 in the similar week of 1939.

Failures involving liabilities of $5,000 or more declined mildly to 230 from 238 in the previous week, but were notably higher than the 151 of this size recorded last year. Among casualties with liabilities under $5,000, there was a slight dip to 37 from 39, yet they exceeded their 1953 toll of 20 for the corresponding week. The number of businesses failing with liabilities in excess of $100,000 fell to 15 from 29 a week ago.

All of the week's decline occurred in wholesaling where casualties dropped to 19 from 39, in construction, down to 34 from 38, and in commercial service, down to 16 from 22. In contrast, manufacturing failures edged up to 52 from 49 and the retail toll climbed to 146 from 129. Mortality exceeded the 1953 level in all industry and trade groups with the sharpest rise from last year concentrated in retail trade.

Five of the nine geographic regions reported mild decreases during the week, including the Pacific and East North Central States. Only one area, the Middle Atlantic Region, showed an appreciable increase in casualties, climbing to 105 from 85 and reaching a post-war peak. Meanwhile, South Atlantic failures held steady at 27. More concerns succumbed than last year in all regions except the Mountain States which remained unchanged. The most notable rises from 1953 appeared in the East North Central and South Atlantic Regions.

Wholesale Food Price Index Attains New All-Time High at 24.5% Above Pre-Korea Level

A further sharp rise last week, the eighth in a row, lifted the Dun & Bradstreet wholesale food price index for March 30 to $7.42, the highest level since the index was started in June, 1916. the current figure is up from $7.34 a week ago, and compares with $6.32 a year ago, or a gain of 17.4%. It reflects an advance of 24.5% over the pre-Korea level of $5.96.

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 Level Lacked Signs of a Definite Trend in Past Week

The general level of prices held in a narrow range and showed little definite trend during the past week. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., finished at 278.42 on March 30, comparing with 278.57 a week previous and with 279.89 a year ago.

Grain prices trended generally downward the past week. The cash wheat market was unsettled as values dropped sharply influenced by the receipt of moisture in some portions of the southwestern drought area, coupled with less active mill and export demand.

Corn displayed relative firmness aided by small receipts and a good demand in the cash market. Rye prices drifted sharply lower reflecting large supplies in the Chicago area and the possibility of more imports from Canada.

Oats finished slightly lower as demand continued spotty. Activity in grain and soybean futures on the Chicago Board of Trade expanded sharply last week. Daily average purchases totalled about 60,600,000 bushels, as compared with 42,900,000 the previous week and 35,400,000 in the same week a year ago.

Domestic demand for hard wheat bakery flours was generally slow except for moderate bookings of Spring wheat types around mid-week as the result of price concessions by mills. Butter and cheese displayed increasing weakness with the approach of the lower price support levels to go into effect April 1. The raw and refined sugar markets were largely dominated by the dock strike this week.

Coffee trended higher most of the week to reach new record highs but turned somewhat easier at the close.

Cocoa prices advanced sharply to reach new high ground for the season as increased trade demand and short covering encountered limited offerings. Warehouse stocks of cocoa showed a slight decline to 115,254 bags, from 120,620 a week earlier, and compared with 72,000 bags on the corresponding date a year ago. Strength in lard was well-maintained under active buying influenced by news of impending purchases by West Germany and Holand.

With swine receipts last week the smallest in six months, hog prices continued to rise and touched the highest March levels in seven years.

Spot cotton prices moved irregularly in a rather narrow range and closed slightly lower than a week ago. Trading in spot markets declined moderately. There was considerable selling pressure at times, influenced by the absence of aggressive mill demand, a tapering off of export price-fixing and news that the severe drought conditions in some areas of the belt were relieved by scattered rainfall. Another unsettling factor was the report that loan entries in the latest period were almost as large as withdrawals. Loan entries in the week ended March 19 were up sharply to 83,600 bales, and compared with repayments during the same period of 86,600 bales, the largest weekly volume thus far this season. Outstanding loans on 1953-crop cotton as of March 19 totalled 6,276,300 bales.

Trade Volume Shows Perceptible Decrease From Year Ago Due to Later Easter

The combination of proposed price cuts as a result of excise tax cuts on April 1 and freak weather throughout the nation resulted in a contra-seasonal sales decrease from the previous week. The total dollar volume of retail trade in the period ended on Wednesday of last week continued to reflect a substantial decrease from a year ago as a result of the shifting Easter date.

The total dollar volume of retail trade in the week was estimated by Dun & Bradstreet, Inc., to be from 8 to 4% below the level of a year ago. Regional estimates varied from the comparable 1953 level by the following percentages: New England and Northwest —7 to —3; East —5 to —1; Midwest and Southwest —10 to —6; South —9 to —5 and Pacific Coast —8 to —4.

Apparel sales were unchanged from the preceding week and continued to be below the similar 1953 mark. Snow and wind storms in the latter part of the week served to dampen the consumer appetite for Spring and Summer apparel. Children's clothing increased, while purchases of women's wear were steady and volume on men's clothing dipped somewhat from the preceding week. Spending for shoes was sustained.

Housefurnishing sales dipped slightly from the preceding week and continued to be somewhat below the year-ago mark.

There were marked variations in volume through the nation. Sales in New York City were almost unchanged from a year ago; Pacific Coast cities reported substantial sales decreases when compared with the similar 1953 period.

The volume of wholesale trade in the period ended on Wednesday of last week was somewhat above the preceding week but continued to be moderately below a year ago. Hurried reorders for pre-Easter sales were quite common and many buyers requested immediate delivery. Initial Summer booking increased somewhat.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended March 27, 1954, decreased 11% below the level of the preceding week. In the previous week, March 20, 1954, a decrease of 13% was reported from that of the similar week in 1953. For the four weeks ended March 27, 1954, a decline of 11% was reported. For the period *Jan. 1 to March 27, 1954, department store sales registered a decrease of 5% below the corresponding period of 1953.

Retail trade volume in New York last week, according to trade estimates, showed a wide variation which ranged from unchanged to 10% under the dollar volume of a year ago.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended March 27, 1954, registered a decline of 3% below the like period of last year. In the preceding week, March 20, 1954, a decline of 11% was reported from that of the similar week of 1953, while for the four weeks ended March 27, 1954, a decrease of 7% was reported. For the period *Jan. 1 to March 27, 1954, a decline of 2% was registered under that of the 1953 period.

*Comparison period begins with the Jan. 4-9 week in 1954 and with the Jan. 5-10 week in 1953.

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NSTA Notes

as help New York in their party plans, an indication as to whether or not you expect to go—market willing—will be helpful.

There have been no plans drawn up for a meeting with the SEC in May as it is hoped that the Commissioners and some of the staff will be in Atlantic City for a round-table discussion of SEC problems.

The membership today stands at better than 4,000 members and Salt Lake City has been added as an affiliate this year.

The following were appointed Chairmen of the various committees for the coming year:

Advertising—Harold B. Smith, Pershing & Company, New York City.

Convention—Edward H. Welch, Sincere & Company, Chicago.

Corporate and Legislative—R. Victor Mosley, Stroud & Co., Inc., Philadelphia.

Membership—Graham Walker, Joseph McManus & Co., New York City.

Municipal—Ludwell A Strader, Strader, Taylor & Co., Lynchburg, Va.

Publicity—Jerry Tegeler, Dempsey-Tegeler & Co., St. Louis.

Public Relations—Henry Oetjen, McGinnis & Company, New York City.

Ludwell A. Strader, Chairman, Municipal Committee, National Security Traders Association, Inc. has announced that David H. Callaway, First of Michigan Corp., New York 5, N. Y., has been added to his committee for 1954.

INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

The Investment Traders Association of Philadelphia have announced that Joseph R. Dorsey, Merrill Lynch, Pierce, Fenner & Beane has resigned as first Vice-President of the group, since he has been transferred to New York City. He will be succeeded by Edgar A. Christian, Stroud & Company, Incorporated, now Second Vice-President.

Wallace H. Runyan, Hemphill, Noyes & Co., now on the board of governors, will become Second Vice-President, and John E. Knob, Drexel & Co., will succeed him on the board of governors.

STANY-I. T. A. OF PHILADELPHIA BOWLING MATCH

The annual bowling match between the Security Traders Association of New York and the Investment Traders Association of Philadelphia will be held May 6 at the City Hall Bowling Center, 23 Park Row (3rd floor), New York City, from 5:30 p.m. to 8:00 p.m. A dinner will follow the bowling at the Antlers, 67 Wall Street, at 9:00 p.m.

A charge of $8 per person will be made, including two drinks and a roast beef dinner. Those wishing to attend should contact Sidney Jacobs, Sidney Jacobs Co., New York City, for reservations.

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York, Inc. Bowling League standing as of April 1, 1954 is as follows:

Team:	Points:
Leone (Capt.), Nieman, Gannon, Tisch, Greenberg	32½
Serlen (Capt.), Rogers, Gold, Krumholz, Gersten	30½
Donadio (Capt.), Craig, Gronick, Bies, Demaye	30
Kaiser (Capt.), Hunt, Werkmeister, Swenson, Ghegan	28½
Manson (Capt.), Jacobs, Topol, Weissman, H. Frankel	27½
Burian (Capt.), Gavin, Clemence, Montanye, Whiting	27
Bean (Capt.), Bass, Valentine, Eiger, Bradley	26
Klein (Capt.), Fredericks, Murphy, Weseman, Mewing	26
Krisam (Capt.), Pollack, Cohen, Smith, Strauss, Define	24
Growney (Capt.), Corby, Siegel, Voccolli, Lienhardt	22½
Hunter (Capt.), Brown, Alexander, Farrell, Barker	14
Meyer (Capt.), M. Meyer, Frankel, Wechsler, King	11½

200 Point Club		5 Point Club
Roy Klein	215	Joe Donadio
Joe Donadio	212	
Jack Manson	205	
Hy Frankel	204	

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The Clashing Economic Concepts of Two Worlds

creasing neutralism; as U. S. aid has become unnecessary, the Vienna Government's attitude toward the U. S. has markedly deteriorated. The Austrian Trade Minister declared that "American assistance has involved a substantial reduction of our trade with the rest of the world,"—meaning the East. (Austria's eastward trade has multiplied since 1951.) Unemployment has reached 300,000, i.e. 15% of the total labor force. And already in 1952, the "Times" quoted Austrian officials as being "perplexed" by belated American demands, "not because they could not have been met, but because practices that Washington now calls malpractices were developed with the tacit consent . . . of the present (U. S.) Vienna aid mission."

Other adverse developments may be discerned elsewhere. In Greece, productivity has increased at a slower pace than anywhere in the Marshall Plan sphere. In Britain, Mr. Ernest Prosser, a tailor, was recently fined 10/6 sh. for cutting two suits more than his quota. The fine was collected by the National Union of Tailors & Garment Workers because Mr. Prosser had violated the "principle of fair shares when work was not plentiful." (The "Wall Street Journal" wondered "what would have happened to him if he had cut the price as well.") The low wages insisted upon by management in many parts of Europe, have been commented upon by Harold E. Stassen, Director of the FOA. They will hardly enable the majority of Europeans to become buyers in appreciable quantities of manufactured goods. Thus, the rich get richer and the poor get poorer (partly with our aid)—a trend diametrically opposed to that in the U. S. and a development providing excellent soil for social tension, the growth of popular frustration and a consequent inclination toward extremism, including Communism.

The "lowest-possible-wages-&-highest-attainable-profit-percentage" fixation, a completely discredited get-rich-quick scheme, has influenced the thinking of some Europeans to such a degree, that they are fully convinced that Henry Ford was a sort of fellow-traveler when, some decades ago, he increased the wages of all his workers to the end that shortly thereafter virtually all his employees had bought a Ford car. It is, however, not considered anti-capitalistic in these circles in Athens, Rome, Paris or Vienna, that even the sole keeper of a store is compelled by the police to close his shop for several hours at noon-time and at early evening hours.

To sum up: in many areas outside our own (not only in Europe!), prices are artificially high and production unnecessarily low. Man-hour output and mechanical efficiency improve only at a snail's pace. Large segments of the population exist on the brink of dire poverty. Initiative is governmentally throttled and investments are being withheld. Manufacture for mass distribution and the promotion of large-scale merchandising beyond rigid social barriers is studiously discouraged because "certain lower classes (admittedly the vast majority of prospects) would never buy a frigidaire anyhow."

Thus, one cannot help but continue to feel that our official salesmen abroad do not as yet manage to merchandise our successful ideas and methods, have not as yet convinced our overseas friends that, after all, there is quite a bit to our way of doing business. Could not our persuasion become more effective to strengthen our allies and fortify the entire free world?

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

★ Aero Service Corp., Philadelphia, Pa. (4/13)
March 29 (letter of notification) not in excess of $300,000 aggregate value of common stock (par $1). **Proceeds**—For expansion of facilities and new equipment. **Underwriters**—Drexel & Co., Stroud & Co., Inc. and Hemphill, Noyes & Co., all of Philadelphia, Pa.

★ Air Express International Corp., N. Y.
April 2 (letter of notification) 2,000 shares of common stock (par 50 cents), to be issued upon exercise of warrants at 50 cents each. **Office**—44 Whitehall St., New York, N. Y. **Underwriter**—None.

• Alaska Telephone Corp., Seattle, Wash.
Feb. 10 (letter of notification) $270,000 face amount of **6%** 10-year convertible debentures, series B. **Price**—**70%** of principal amount. **Proceeds**—For general operating expenses and working capital. **Underwriter**—Tellier & Co., New York. **Offering**—Expected today (April 8).

Allegheny Natural Gas & Oil Corp. (Del.)
March 19 (letter of notification) 500,000 shares of common stock (par one cent). **Price**—60 cents per share. **Proceeds** — To drill and complete wells, for improvements, to acquire additional oil and/or gas producing and non-producing properties, leases or interests and for working capital. **Office**—Titusville, Pa. **Underwriters**—S. B. Cantor Co. and Northeastern Securities Co., both of New York.

★ Allied Products Corp., Detroit, Mich. (4/27)
April 6 filed 65,000 shares of common stock (par $5). **Price**—To be related to the market price of the stock on the American Stock Exchange at time of offering. **Proceeds**—For advances to subsidiary. **Underwriter**—Hemphill, Noyes & Co., New York.

American Coffee-Matic Corp., N. Y.
March 22 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital, etc. **Office**—20 Broad St., New York, N. Y. **Underwriter**—Mid-West Securities, 164 Congress St., Brooklyn, N. Y.

American Transportation Insurance Co., Kansas City, Mo.
March 17 filed 20,000 shares of capital stock (par $100). **Price**—$150 per share. **Proceeds** — To increase capital and surplus. **Underwriter**—None.

★ Anchorage Gas & Oil Development, Inc.
March 31 (letter of notification) 50,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For acquisition and exploration of properties. **Office**—505 Barrow St., Anchorage, Alaska. **Underwriter**—None.

★ Apex Uranium, Inc.
April 5 (letter of notification) 1,775,000 shares of common stock (par one cent), of which 400,000 shares are to be offered to public and 1,375,000 shares to 20 existing stockholders. **Price**—To public, 10 cents per share, and to stockholders, one cent per share. **Proceeds**—To finance exploratory and development operations. **Office**—718 Majestic Bldg., Denver, Colo. **Underwriter** — Carroll, Kirchner & Jacquith, Inc., Denver, Colo.

★ Applied Research Laboratories, Glendale, Calif.
March 23 (letter of notification) 1,764 capital shares (par $1) and 882 shares of class B stock to be offered pursuant to an Employees Stock Option Plan. Number of capital shares to be offered will be reduced by number of class B shares subscribed for. **Price** — $8.55 per share. **Proceeds** — For working capital. **Office** — 3717 Park Place, Glendale 8, Calif. **Underwriter**—None.

Arcturus Electronics, Inc.
March 15 (letter of notification) 100,000 shares of Class A common stock (par one cent). **Price**—At the market (15 cents each to underwriter). **Proceeds**—To Delbert E. Replogle, President. **Underwriter**—Gearhart & Otis, Inc., New York. No general public offer planned.

Arkansas Power & Light Co. (4/20)
March 18 filed 70,000 shares of cumulative preferred stock (par $100). **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; The First Boston Corp. and W. C. Langley & Co. (jointly); Lehman Brothers, Equitable Securities Corp. and White, Weld & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on April 20.

★ B. S. & K. Mining Co., Phoenix, Ariz.
March 31 (letter of notification) 75,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Address** — P. O. Box 4434, 242 S. 1st Ave., Phoenix, Ariz. **Underwriter**—None.

Basin Natural Gas Corp., Santa Fe, N. M.
Dec. 23 (letter of notification) 748,000 shares of common stock (par five cents). **Price**—40 cents per share. **Proceeds**—To acquire properties and leases. **Office** — Blatt Bldg., Santa Fe, N. M. **Underwriter**—Hunter Securities Corp., New York.

★ Beam (James B.) Distilling Co., Chicago, Ill.
April 2 (letter of notification) 2,000 shares of common stock (par $2). **Price**—At market (approximately $8 per share). **Proceeds**—To be a gift from M. H. Rieger, Vice-President and a director, to charities. **Office**—65 East S. Water St., Chicago, Ill. **Underwriter**—None.

★ Big Horn-Power River Corp.
April 2 (letter of notification) 2,280,000 shares of common stock (par 10 cents) to be offered to stockholders. **Price**—60 cents per share. **Proceeds**—To retire debt and for working capital. **Office**—930-17th St., Denver, Colo. **Underwriter**—None.

Bolsa Chica Oil Corp.
Feb. 16 (letter of notification) 77,624 shares of capital stock (par $1) being offered for subscription by stockholders of record March 9 at rate of one new share for each seven shares held (with an oversubscription privilege); rights expire April 9. **Price**—$3.75 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—727 West Seventh Street, Los Angeles, Calif. **Underwriter**—None.

★ Broad Street Investing Corp., New York
March 31 filed 700,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

NEW ISSUE CALENDAR

April 8 (Thursday)
West Texas Utilities Co. .... Preferred
(Bids 11:30 a.m. CST) $6,000,000

April 9 (Friday)
Cahokia Downs, Inc. .... Bonds & Common
(Dixon Bretscher Noonan, Inc.) $1,610,000
General Credit Corp. .... Common
(Murphy & Co.) $299,960
Winston & Newell Co. .... Preferred
(J. M. Dain & Co.; Piper, Jaffray & Hopwood and Woodard Elwood Co.) $600,000

April 12 (Monday)
Central Power & Light Co. .... Bonds
(Bids noon EST) $18,000,000
Gulf Insurance Co. .... Common
(Offering to stockholders—no underwriting) 5,000 shares
Inter-Mountain Telephone Co. .... Common
(Courts & Co.) 142,500 shares
National Fuel Gas Co. .... Debentures
(Bids 11 a.m. EST) $15,000,000

April 13 (Tuesday)
Aero Service Corp. .... Common
(Drexel & Co.; Stroud & Co., Inc.; and Hemphill, Noyes & Co.) about $300,000
Devon-Leduc Oils Ltd. .... Bonds
(McLaughlin, Reuss & Co.) $2,000,000
Gas Service Co. .... Common
(Bids 11:30 a.m. EST) 1,500,000 shares
General Gas Corp. .... Common
(Kidder, Peabody & Co.) 100,000 shares
Long Island Lighting Co. .... Preferred
(W. C. Langley & Co.; Blyth & Co., Inc.; and The First Boston Corp.) $20,000,000
Southern Indiana Gas & Electric Co. .... Bonds
(Bids 11 a.m. EST) $8,000,000
Texas Utilities Co. .... Common
(Bids 11 a.m. EST) 250,000 shares

April 14 (Wednesday)
Northern States Power Co. .... Common
(Offering to stockholders—bids 10:30 a.m. CST) 1,219,856 shares
Ohio Power Co. .... Bonds
(Bids 11 a.m. EST) $20,000,000
Ohio Power Co. .... Preferred
(Bids 11 a.m. (EST) $5,000,000
Standard Uranium Corp. .... Common
(Gearhart & Otis, Inc. and Crerie & Co.) $1,787,500
York Corp. .... Debentures
(The First Boston Corp. and Kidder, Peabody & Co.) $18,000,000
York Corp. .... Common
(The First Boston Corp. and Kidder, Peabody & Co.) 220,000 shs.

April 15 (Thursday)
Chicago & North Western Ry. .... Equit. Trust Ctfs.
(Bids noon CST) $4,695,000
Front Range Uranium Mines, Inc. .... Common
(H. J. Cooney & Co.) $299,000
Light Metals Refining Corp. .... Common
(Philip Gordon & Co., Inc.) $5,000,000

April 19 (Monday)
North American Uranium & Oil Corp. .... Common
(Israel & Co.) $1,500,000

April 20 (Tuesday)
Arkansas Power & Light Co. .... Preferred
(Bids 11 a.m. EST) $7,000,000
Claussen Bakeries, Inc. .... Common
(Johnson, Lane, Space & Co.) 225,000 shares
Northern States Power Co. .... Preferred
(Bids 10:30 a.m. CST) $15,000,000
Peninsular Telephone Co. .... Common
(Offering to stockholders—underwritten by Morgan Stanley & Co. and Coggeshall & Hicks) 131,836 shares
Temco Aircraft Corp. .... Common
(Van Alstyne, Noel & Co.) 300,000 shares
West Penn Power Co. .... Bonds
(Bids 11 a.m. EST) $12,000,000

April 21 (Wednesday)
Columbia Gas System, Inc. .... Debentures
(Bids 11.30 a.m. EST) $50,000,000

April 27 (Tuesday)
Allied Products Corp. .... Common
(Hemphill, Noyes & Co.) 65,000 shares
Commonwealth Edison Co. .... Bonds
(Bids 10:30 a.m. CDT) $50,000,000
I-T-E Circuit Breaker Co. .... Preferred
(Smith, Barney & Co. and C. C. Collings & Co.) $5,000,000

April 28 (Wednesday)
General Telephone Co. of Indiana, Inc. .... Preferred
(Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp.) 30,000 shares
Utah Power & Light Co. .... Bonds
(Bids noon EDT) $15,000,000
Wisconsin Electric Power Co. .... Common
(Offering to stockholders—no underwriting) 421,492 shares

April 29 (Thursday)
Southern Pacific Co. .... Equip. Trust Ctfs.
(Bids noon EDT) $7,905,000

May 3 (Monday)
Kansas-Nebraska Natural Gas Co., Inc. .... Preferred & Common
(The First Trust Co. of Lincoln, Neb. and Cruttenden & Co.) $1,000,000 pfd. and 85,909 shs. of common

May 4 (Tuesday)
Cleveland Electric Illuminating Co. .... Bonds
(Bids to be invited) $20,000,000
Delaware Power & Light Co. .... Bonds
(Bids to be invited) $10,000,000
General Acceptance Corp. .... Debentures
(Paine, Webber, Jackson & Curtis) $4,000,000
Montana Power Co. .... Bonds
(Bids 11 a.m. EDT) $6,000,000
Montana Power Co. .... Preferred
(Bids 11 a.m. EDT) $6,000,000
Wisconsin Electric Power Co. .... Bonds
(Bids to be invited) $20,000,000

May 5 (Wednesday)
New Jersey Bell Telephone Co. .... Debentures
(Bids 11 a.m. EDT) $25,000,000

May 6 (Thursday)
Allis-Chalmers Mfg. Co. .... Preferred
(Blyth & Co., Inc.) $35,000,000

May 11 (Tuesday)
Consolidated Edison Co. of New York, Inc. .... Bonds
(Bids to be invited) $50,000,000

May 12 (Wednesday)
General Public Utilities Corp. .... Common
(Offering to stockholders—Merrill Lynch, Pierce, Fenner & Beane may act as clearing agent) about 600,000 shares
Montana Power Co. .... Debentures
(Bids 11 a.m. EDT) $18,000,000

May 14 (Friday)
First Nat'l Bank of Toms River, N. J. .... Common
(Offering to stockholders) $150,000

May 18 (Tuesday)
Virginia Electric & Power Co. .... Bonds
(Bids to be invited) $25,000,000

May 25 (Tuesday)
Consolidated Natural Gas Co. .... Debentures
(Bids 11:30 a.m. EDT) $25,000,000

May 26 (Wednesday)
Public Service Electric & Gas Co. .... Bonds
(Bids to be invited) $50,000,000

● Cahokia Downs, Inc., East St. Louis, Ill. (4/9)
Feb. 15 filed $1,400,000 of 10-year 6% first mortgage bonds due Jan. 1, 1964, and 140,000 shares of common stock (par $1). **Price**—Of bonds, at 100% of principal amount; and of stock, $1.50 per share. **Proceeds**—For construction and operation of racing plant. **Underwriter**—Dixon Bretscher Noonan Inc., Springfield, Ill.; Hunter Securities Corp., New York.

Capper Publications, Inc., Topeka, Kansas
March 23 filed $2,000,000 of series six 5-year first mortgage 4% bonds and $2,000,000 of series seven 10-year first mortgage bonds. **Price** — At 100% of principal amount. **Proceeds**—To advance sums to Topeka Broadcasting Association, Inc., a subsidiary, and for redemption of certain bonds. **Underwriter**—None.

Carr-Consolidated Biscuit Co.
March 15 (letter of notification) 40,000 shares of common stock (par $1). **Price** — At market (estimated at around par). **Proceeds** — To three selling stockholders. **Underwriter**—Auchincloss, Parker & Redpath, New York. No general public offer planned.

Central Mutual Telephone Co., Inc., Manassas, Va.
March 22 (letter of notification) 20,000 shares of capital stock (par $10), of which 4,000 shares are to be offered to shareholders at par and 16,000 shares to public at $12 per share. **Proceeds**—For improvements and additions to plant. **Underwriter**—Folger, Nolan-W. B. Hibbs & Co., Inc., Washington, D. C.

Central Power & Light Co. (4/12)
March 18 filed $18,000,000 of first mortgage bonds, series F, due April 1, 1984. **Proceeds**—To redeem $8,000,000 series E 4⅛% bonds due May 1, 1983, and for additions, extensions and improvements. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp., Eastman, Dillon & Co., Goldman, Sachs & Co. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Salomon Bros. & Hutzler (jointly); Lehman Brothers; Union Securities Corp. and Kidder, Peabody & Co. (jointly). **Bids**—To be received up to noon (EST) on April 12 at 20 No. Wacker Drive, Chicago 6, Ill.

Cities Service Co.
March 9 filed $4,431,250 participations in the Employees Thrift Plan of this company and participating subsidiary companies, and 50,000 shares of common stock (par $10) to be purchasable under the plan.

★ Claussen Bakeries, Inc., Augusta Ga. (4/20)
April 1 filed 162,500 shares of class A common stock (par $1) and 62,500 shares of class B common stock (par $1). **Price**—Of class A shares, to be supplied by amendment; of class B shares, $8 per share. **Proceeds**—From sale of stock, together with $500,000 to be received for sale of 5% debentures, will be used to acquire stock of H. H. Claussen's Sons, Inc. **Underwriter**—Johnson, Lane, Space & Co., Inc., Savannah, Ga.

★ Cleveland Electric Illuminating Co. (5/4)
March 31 filed $20,000,000 of first mortgage bonds due 1989. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Blyth & Co., Inc., and White, Weld & Co. (jointly); Kuhn, Loeb & Co. and Wertheim & Co. (jointly); Glore, Forgan & Co.; The First Boston Corp.; Dillon, Read & Co. Inc. **Bids**—Tentatively expected to be received on May 4.

Columbia Gas System, Inc. (4/21)
March 22 filed $50,000,000 of subordinated convertible debentures due 1984 to be offered for subscription by common stockholders of record April 21 on the basis of $100 of debentures for each 36 shares held; rights to expire on May 10. **Price**—$100% of principal amount. **Proceeds**—For construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Tentatively scheduled to be received up to 11:30 a.m. (EST) on April 21 at 120 East 41st St., New York 17, N. Y.

★ Commonwealth Edison Co. (4/27)
April 1 filed $50,000,000 of first mortgage bonds, series Q, due May 1, 1984. **Proceeds** — To redeem $40,000,000 3⅝% bonds due 1983 (which were sold last July) and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Glore, Forgan & Co. **Bids**—Expected to be received up to 10:30 a.m. (CDT) on April 27 at 72 West Adams St., Chicago 90, Ill.

Cooperative Grange League Federation Exchange, Inc.
March 26 filed 7,500 shares of 4% cumulative preferred stock (par $100) and 500,000 shares of common stock (par $5). **Price** — At par. **Proceeds**—To retire class B common stock and 5% cumulative preferred stock of G. L. F. Holding Corp., a subsidiary, and for working capital. **Underwriter**—None. This offering is a continuation of earlier offerings of same classes of securities.

Cornbelt Insurance Co., Freeport, Ill.
March 17 filed 300,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For investment. **Underwriter**—None.

★ de Vegh Income Fund, Inc., New York
March 31 filed 25,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

★ Delaware Power & Light Co. (5/4)
April 6 filed $10,000,000 first mortgage and collateral trust bonds due 1984. **Proceeds** — To retire bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); White, Weld & Co. and Shields & Co. (jointly); Union Securities Corp.; Lehman Brothers; Morgan Stanley & Co.; Kuhn, Loeb & Co. and Salomon Bros. & Hutzler (jointly); W. C. Langley & Co. **Bids**—Tentatively expected to be received on May 4.

● Devon-Leduc Oils Ltd. (4/13)
March 10 filed $2,000,000 10-year 5% convertible sinking fund leasehold mortgage bonds due May 1, 1964. **Price**—100% of principal amount. **Proceeds**—To redeem outstanding bonds, repay bank loan and for general corporate purposes, including drilling commitments in the Stony Plain India Reserve and in participation of the development of the Buck Lake Area. **Office**—Winnipeg, Canada. **Underwriter**—McLaughlin, Reuss & Co., New York.

★ Ducommun Metals & Supply Co., Los Angeles, Calif.
March 26 (letter of notification) 6,678 shares of common stock (par $2). **Price**—$14.50 per share. **Proceeds**—To Charles E. Ducommun. **Underwriter**—Hill Richards & Co., Los Angeles, Calif.

Duggan's Distillers Products Corp.
Feb. 19 (letter of notification) 200,000 shares of common stock (par 10 cents) to be offered to stockholders. **Price**—25 cents per share. **Proceeds**—For general corporate purposes. **Office**—248 McWhorter St., Newark 5, N. J. **Underwriter**—None.

● ElectroData Corp., Pasadena, Calif.
March 15 filed 450,000 shares of common stock (par $1), of which 435,000 shares are being offered for subscription by common stockholders of Consolidated Engineering Corp. at rate of one share for each two Consolidated shares held April 5; rights to expire April 29. **Price** — $3.50 per share. **Proceeds**—To repay advances from Consolidated and for working capital, etc. **Business**—To design, develop, manufacture and sell or lease standard and specialized electronic data processing equipment for scientific, industrial and commercial uses. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif.

Empire Oil & Refining Co., Inc., Tyler, Texas
March 9 (letter of notification) 60,000 shares of common stock (par five cents). **Price**—At market (estimated at 70 cents per share). **Proceeds** — To underwriter, Charter Securities Corp., New York.

Fidelity Acceptance Corp., Minneapolis, Minn.
Jan. 26 (letter of notification) 2,800 shares of 6% cumulative preferred stock, class E. **Price**—At par ($25 per share). **Proceeds**—To be available to subsidiaries and reduce outstanding bank loans. **Office**—820 Plymouth Bldg., Minneapolis, Minn. **Underwriters**—M. H. Bishop & Co., Minneapolis, Minn.; and B. I. Barnes, Boulder, Colo.

Financial Credit Corp., New York
Jan. 29 filed 250,000 shares of 7% cumulative sinking fund preferred stock. **Price**—At par ($2 per share). **Proceeds**—For working capital. **Underwriter**—E. J. Fountain & Co., Inc., New York.

Firth-Loach Metals, Inc., Pittsburgh, Pa.
March 18 filed 33,400 shares of capital stock (par $25). **Price**—$25 per share. **Proceeds** — For expansion, equipment and working capital. **Underwriter**—None.

★ Flagstaff Loan Co., Flagstaff, Ariz.
March 31 (letter of notification) pre-organization subscriptions to 1,500 shares of common stock. **Price**—At par ($100 per share). **Proceeds** — For organization expenses and working capital. **Underwriter** — Homer K. Grant, Flagstaff, Ariz.

Florida Public Utilities Co.
March 24 (letter of notification) 25,000 shares of common stock (par $3). **Price**—At market (to be supplied by amendment). **Proceeds**—For construction program. **Underwriters**—Starkweather & Co., New York; Clement A. Evans & Co., Inc., Atlanta, Ga.; and McCleary & Co., Inc., St. Petersburg, Fla.

★ Front Range Uranium Mines, Inc. (4/15)
April 1 (letter of notification) 1,495,000 shares of common stock (par one cent). **Price**—20 cents per share. **Proceeds**—For mining expenses. **Office**—Interstate Trust Bldg., Denver, Colo. **Underwriter**—H. J. Cooney & Co., New York.

Gamma Corp., Wilmington, Del.
Feb. 2 (letter of notification) 140,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For inventory, capital expenditures and working capital. **Office**—100 West 10th Street, Wilmington, Del. **Underwriter**—Sheehan & Co., Boston, Mass.

Gary (Theodore) & Co., Kansas City, Mo.
March 31 filed 310,000 shares of participating common stock (par 20 cents) to be offered for subscription by holders of participating common and common stock on the basis of seven new shares for each 10 shares held. **Price**—To be supplied by amendment. **Proceeds**—To provide financing for Telephone Bond & Share Co. and for general corporate purposes. **Underwriter**—None.

Gas Service Co., Kansas City, Mo. (4/13)
March 18 filed 1,500,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—To Cities Service Co., the parent. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc. and Smith, Barney & Co. (jointly); Kidder, Peabody & Co.; Stone & Webster Securities Corp. and Stern Bros. & Co. (jointly); Union Securities Corp. **Bids**—To be received up to 11:30 a.m. (EST) on April 13 at Room 1612, 70 Pine St., New York 5, N. Y.

● General Credit Corp., Miami, Fla. (4/9)
March 25 (letter of notification) 74,990 shares of capital stock (par $1). **Price**—$4 per share. **Proceeds**—For working capital. **Office**—799 N. W. 62nd Street, Miami, Fla. **Underwriter**—Murphy & Co., Miami, Fla.

● General Gas Corp., Baton Rouge, La. (4/13)
March 19 filed 100,000 shares of common stock (par $5). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Underwriter**—Kidder, Peabody & Co., New York.

General Stores Corp., New York
March 8 filed 300,000 shares of common stock (par $1). **Price**—$1.37½ per share. **Proceeds**—To pay part of cost of acquisition of Ford Hopkins Co., Chicago, Ill. **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill.

General Telephone Co. of Indiana, Inc. (4/28)
March 30 filed 30,000 shares of $2.50 cumulative preferred stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York.

★ Guardian Loan Co., Inc.
March 30 (letter of notification) 2,500 shares of 6% cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds** — For expansion. **Office** — 162 Remsen St., Brooklyn 2, N. Y. **Underwriter**—None.

★ Gulf Exhibition Corp., Miami, Fla.
March 29 (letter of notification) 400 shares of class A common stock (par $100) and 400 shares of class B common stock. **Proceeds** — For construction of building, equipment and general expenses. **Office** — 3888 N. W. First St., Miami, Fla. **Underwriter**—None.

★ Gulf Insurance Co., Dallas, Texas (4/12)
March 29 (letter of notification) 5,000 shares of common stock (par $10) to be offered for subscription by stockholders of record April 12 on the basis of one new share for each 44 shares held. **Price**—$55 per share. **Proceeds**—For general corporate purposes. **Office** — 3015 Cedar Springs Road, Dallas, Tex. **Underwriter**—None.

Harlan-Franklin Oil Corp., Jersey City, N. J.
March 1 (letter of notification) 297,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For expenses incident to acquisition of property and related activities with respect to oil business. **Office**—15 Exchange Place. Jersey City, N. J. **Underwriter**—Luster Securities Co., 26 Journal Square, Jersey City, New Jersey.

● Heliogen Products, Inc. (Del.)
March 5 (letter of notification) 20,000 shares of common stock (par $1) to be offered to common stockholders on a pro rata basis. **Price**—$5 per share. **Business**—Manufactures and sells a bactericidal agent. **Proceeds**—For working capital, etc. **Office**—35-10 Astoria Blvd., Long Island City 3, N. Y. **Underwriter**—None. **Offering**—Temporarily withdrawn.

★ Insurance Investment Corp., Houston, Tex.
April 1 (letter of notification) 500,000 shares of common stock (par one cent). **Price**—60 cents per share. **Proceeds**—To finance organization of stock fire and casualty insurance company to be known as Globe Fire & Casualty Co. **Office** — 3145 Southmore Blvd., Houston, Tex. **Underwriter**—None.

Inter-Mountain Telephone Co. (4/12)
March 18 filed 142,500 shares of common stock (par $10) to be offered first for subscription by common stockholders of record March 30 on the basis of one new share for each four shares held; rights to expire on April 28. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—Courts & Co., Atlanta, Ga., for 78,336 shares. The balance of 64,164 shares are to be purchased by two principal stockholders, Southern Bell Telephone & Telegraph Co. and The Chesapeake & Potomac Telephone Co. of Virginia.

★ International Life Insurance Co.
March 31 (letter of notification) 4,166 shares of common stock (no par). **Price**—$24 per share. **Proceeds**—To Chas. A. McCormick, President and director. **Office**—International Bldg., Austin, Tex. **Underwriter**—None.

★ Intex Oil Co., Bakersfield, Calif.
March 26 (letter of notification) an unspecified number of shares of common stock (par 33⅓ cents). **Price**—At market. **Proceeds**—For account of selling stockholders. **Office**—531 California Ave., Bakersfield, Calif. **Underwriter**—None.

Israel (State of)
Feb. 24 filed $350,000,000 of development bonds to be offered in two types, viz: 15-year 4% dollar coupon bonds and 10-year dollar savings (capital appreciation) bonds. **Price**—100% of principal amount. **Proceeds**—For investment in The State of Israel for agriculture, industry and power, transportation and communication, and low cost housing; and for general reserve. **Underwriter**—American Financial & Development Corp. for Israel, New York. Statement effective March 10.

★ Istel Fund, Inc., N. Y.
April 2 filed 151,770 shares of common stock. **Price**—At market. **Proceeds**—For investment.

★ I-T-E Circuit Breaker Co. (4/27)
April 5 filed 100,000 shares of preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds**—To reduce short-term loans. **Underwriters**—Smith, Barney & Co., New York, and C. C. Collings & Co., Inc., Philadelphia, Pa.

Johnston Adding Machine Co.
March 16 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For tooling and dies. **Office**—402 N. Carson St., Carson City, Nev. **Underwriter**—None.

Kress (S. H.) & Co., New York
March 29 filed 40,000 shares of common stock (no par) for issuance under the company's stock purchase plan for selected employees.

Kropp Forge Co., Cicero, Ill.
March 11 (letter of notification) 40,425 shares of common stock (par 33⅓ cents). **Price**—At market (estimated

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at $2.75 per share) and will not exceed an aggregate of $150,000. **Proceeds**—To Estate of Emma C. Kropp. **Underwriters**—L. D. Sherman & Co., New York, and Sincere & Co., Chicago, Ill.

★ **Life Insurance Co. of Alabama, Gadsden, Ala.**
April 1 (letter of notification) 15,000 shares of common stock (par $5). **Price** — $20 per share. **Proceeds** — For working capital and surplus. **Office**—American National Bank Bldg., Gadsden, Ala. **Underwriter**—None.

Light Metals Refining Corp., New York (4/15)
Feb. 15 filed 1,250,000 shares of common stock (par $1). **Price** — $4 per share. **Proceeds** — For construction and equipment of control plant, and main plant, working capital, advance royalties and reserves. **Business** — To refine beryllium ore and market the products. **Underwriter**—Philip Gordon & Co., Inc., New York.

★ **Liquid Plastics Corp. (N. Y.)**
March 29 (letter of notification) $100,000 of 4% bonds; 2,500 shares of class B common stock (par $10) and 2,500 shares of class C common stock (par 10 cents) to be offered in units of one $1,000 bonds and 25 shares of each class of stock. **Price**—$1,000 per unit. **Proceeds**—For working capital. **Office**—48-08 Van Dam St., Long Island City 1, N. Y. **Underwriter**—None.

Long Island Lighting Co. (4/13)
March 29 filed 200,000 shares of cumulative preferred stock, series E (par $100). **Price** — To be supplied by amendment. **Proceeds**—To redeem $20,000,000 of 5.25% preferred stocks now outstanding. **Underwriters**—W. C. Langley & Co., Blyth & Co., Inc., and The First Boston Corp., all of New York.

Los Angeles Drug Co.
Jan. 28 filed $178,000 of 15-year 5% sinking fund debentures, due Oct. 1, 1966, and 50,000 shares of capital stock (no par), the latter to be first offered for subscription by stockholders. **Price**—For debentures, at par; and for stock, $10 per share. **Proceeds**—To finance expanded merchandise inventory and operating equipment (new building), and for working capital. **Underwriter**—None.

Macmillan Co., New York
March 26 (letter of notification) 1,469 shares of common stock (par $1). **Price**—At market (around $24 per share). **Proceeds** — To George P. Brett, Jr., President. **Underwriter**—Hemphill, Noyes & Co., New York.

Market Basket, Los Angeles, Calif.
March 15 filed 28,830 shares of common stock (par 50 cents) to be offered for subscription by stockholders of record about April 1, on a one-for-ten basis; rights to expire on April 16. **Price**—To be supplied by amendment. **Proceeds**—For improvements and working capital. **Underwriters**—Bateman, Eichler & Co., The First California Co., Inc., and William R. Staats & Co., all of Los Angeles, Calif.

Mathieson Chemical Corp.
March 26 filed 350,000 shares of common stock (par $5) to be offered under the company's restricted stock option plan to certain officers and other key employees of the company and its subsidiaries.

Medina Oil Corp., Orlean, N. Y.
Dec. 9 (letter of notification) 2,800 shares of common stock. **Price**—At par ($100 per share). **Proceeds**—To purchase drill rig, etc. **Office** — 10 East Corydon St., Bradford, Pa. **Underwriter** — Winner & Myers, Lock Haven, Pa.

Mediterranean Petroleum Corp., Inc., Republic of Panama
March 30 filed American voting trust certificates for 1,000,000 shares of common stock (par one cent). **Price** —To be supplied by amendment. **Proceeds**—For exploratory drilling and development, and for operations and expenses. **Underwriter**—To be named by amendment.

Meteor Air Transport, Inc.
March 17 (letter of notification) 199,800 shares of class A stock (par $1). **Price**—$1.50 per share. **Proceeds**—For working capital and purchase of aircraft. **Business** —A contract air carrier. **Office**—Teterboro Air Terminal, Teterboro, N. J. **Underwriter** — Eisele & King, Libaire, Stout & Co., New York.

Mission Indemnity Co., Pasadena, Calif.
March 29 filed 600,000 shares of common stock (par 65 cents) to be offered first to stockholders and to general public. **Price**—$2 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

Mississippi Chemical Corp., Yazoo City, Miss.
Jan. 5 filed 26.666 shares of special common stock (par $75—limited dividend) and $1,500,000 of certificates of participation (to be sold in multiples of $75—5% interest). **Proceeds**—From sale of these securities, together with bank borrowings, are to be used for expansion of facilities. **Underwriter**—None. Sales will be handled by company employees.

★ **Montana Power Co. (5/4)**
March 31 filed $6,000,000 first mortgage bonds due 1984. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Kidder, Peabody & Co., Smith, Barney & Co., Blyth & Co., Inc. and Lee Higginson Corp. (jointly); Union Securities Corp. **Bids** — Expected to be received up to 11 a.m. (EDT) on May 4.

★ **Montana Power Co. (5/4)**
March 31 filed 60,000 shares of cumulative preferred stock (no par). **Proceeds** — For construction program. **Underwriter**—May be determined by competitive bidding. Probable bidders: White, Weld & Co.; Lehman Brothers; Union Securities Corp.; Kidder, Peabody & Co. and Blyth & Co., Inc. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on May 4.

★ **Montana Power Co. (5/12)**
March 31 filed $18,000,000 of debentures due 1979. **Proceeds**—To refund a like amount of 4⅜% debentures due 1978. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Lehman Brothers; Kidder, Peabody & Co., Smith, Barney & Co., Blyth & Co., Inc. and Union Securities Corp. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on May 12.

Monterey Oil Co., Los Angeles, Calif.
Feb. 2 filed 257,338 shares of common stock (par $1). **Price**—At the market price then prevailing on the New York Stock Exchange, or through special offerings or secondary distributions. **Proceeds**—To Lehman Borthers (400 shares); partners of Lehman Brothers and members of their immediate families (150,458); and The Lehman Corp. (106,480). **Underwriter**—None. No general offer planned.

★ **Moreno Uranium Corp., Denver, Colo.**
March 31 (letter of notification) 750,000 shares of common stock (par 10 cents) to be offered first to stockholders. **Price**—To stockholders, 20 cents per share, and to public, 25 cents per share. **Proceeds**—For drilling, surveys, acquisition of properties and working capital. **Office**—731 Cooper Bldg., Denver, Colo. **Underwriter** —None.

Mountain States Telephone & Telegraph Co.
March 5 filed 487,248 shares of capital stock being offered to stockholders of record March 26 on the basis of one new share for each four shares held; rights to expire on April 30. About 86.66% of the presently outstanding stock is owned by American Telephone & Telegraph Co. **Price**—At par ($100 per share). **Proceeds**—To repay advances from parent company and for new construction. **Underwriter**—None.

Natick Industries, Inc., Natick, Mass.
March 10 (letter of notification) 58,800 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For working capital, etc. **Underwriter**—J. P. Marto & Co., Boston, Mass.

National Fuel Gas Co. (4/12)
March 9 filed $15,000,000 sinking fund debentures due 1979. **Proceeds** — To purchase certain shares of subsidiaries, who will use the proceeds to repay bank loans incurred for construction. **Underwriters**—For any debentures to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co. and Wertheim & Co. (jointly); White, Weld & Co.; Harriman Ripley & Co. Inc. **Bids**—To be received up to 11 a.m. (EST) on April 12 at 2 Rector St., New York, N. Y.

★ **National Investors Corp., New York**
March 31 filed 600,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

National Union Fire Insurance Co.
Feb. 26 filed 200,000 shares of capital stock (par $5) being offered for subscription by stockholders of record March 19 on the basis of one new share for each two shares held; rights to expire on April 19. **Price**—$30 per share. **Proceeds**—To be added initially to the company's general funds to be invested in securities which are qualified as legal investments. **Underwriter**—The First Boston Corp., New York.

New Bristol Oils, Ltd., Toronto, Ont., Canada
Dec. 18 filed 1,000,000 shares of common stock (par $1). **Price**—To be related to the bid price of the shares on the Toronto Stock Exchange, with a 20% underwriting commission. **Proceeds**—For general corporate purposes. **Underwriter**—To be named by amendment.

New England Gas & Electric Association
Dec. 10 filed 32,126 common shares of beneficial interest (par $8) being offered in exchange for common stock of New Bedford Gas & Edison Light Co. held by minority stockholders on the basis of 4¾ New England shares for each New Bedford share held. The offer will expire on April 24. **Financial Advisor**—The First Boston Corp., New York.

★ **New Jersey Bell Telephone Co.**
April 7 filed $25,000,000 of 35-year debentures due May 1, 1989. **Proceeds**—To repay advances from American Telephone & Telegraph Co., the parent, and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Kuhn, Loeb & Co.; Morgan Stanley & Co.; Shields & Co.; White, Weld & Co.; The First Boston Corp. **Bids**—Tentatively expected to be received up to 11 a.m. (EDT) on May 5.

★ **New Mexico Copper Corp., Carrizozo, N. M.**
April 4 (letter of notification) 600,000 shares of common stock (par 25 cents). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—Carrizozo, N. M., and 1211 E. Capital St., Washington, D. C. **Underwriter** —Mitchell Securities, Inc., Baltimore, Md.

New Yorker Magazine, Inc.
Feb. 23 (letter of notification) 2,400 shares of common stock (par $1). **Price**—$20.25 per share. **Proceeds**—To a selling stockholder. **Underwriter** — Silberberg & Co., New York.

★ **Newcomer (Joe) Finance Co., Colorado Springs, Colo.**
March 29 (letter of notification) 897½ shares of 10% cumulative preferred stock. **Price** — At par ($100 per share). **Proceeds**—For working capital. **Office**—215 E. Platte Ave., Colorado Springs, Colo. **Underwriter**—None.

North American Uranium & Oil Corp., N. Y. (4/19)
March 1 filed 750,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For capital expenditures, including payment of balance due on certain claims and properties. **Underwriter**—Israel & Co., New York.

North Shore Music Theater, Inc., Boston, Mass.
Feb. 3 (letter of notification) $80,000 of 5% notes due Feb. 1, 1974, and 2,000 shares of common stock (par $10) to be sold in units of $400 principal amount of notes and 10 shares of stock. **Price**—$500 per unit. **Proceeds**—For actors' equity bond, royalties, land, construction of theater and related expenses. **Office**—60 State St., Boston, Mass. **Underwriter**—H. C. Wainwright & Co., Boston, Mass.

Northern States Power Co. (Minn.) (4/14)
March 16 filed 1,219,856 shares of common stock (par $5) to be offered for subscription by common stockholders on the basis of one new share for each 10 shares held on April 15 (with an oversubscription privilege); rights to expire on May 4. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers and Riter & Co. (jointly); The First Boston Corp., Kuhn, Loeb & Co. and Blyth & Co., Inc. (jointly); Smith, Barney & Co.; While, Weld & Co. and Glore, Forgan & Co. (jointly). **Bids**—To be received up to 10:30 a.m. (CST) on April 14 at 231 La Salle St., Chicago 4, Ill.

Northern States Power Co. (Minn.) (4/20)
March 16 filed 150,000 shares of cumulative preferred stock (par $100). **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers and Riter & Co. (jointly); Smith, Barney & Co. **Bids**—Tentatively expected to be received up to 10:30 a.m. (CST) on April 20.

Ohio Power Co. (4/14)
March 12 filed $20,000,000 of first mortgage bonds due 1984. **Proceeds**—To repay bank loans and for new construction. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc.; Kuhn, Loeb & Co., A. C. Allyn & Co., Inc. and Coffin & Burr, Inc. (jointly); Union Securities Corp. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co. Inc. and Stone & Webster Securities Corp. (jointly). **Bids**—To be received up to 11 a.m. (EST) on April 14 at 30 Church St., New York, N. Y.

Ohio Power Co. (4/14)
March 12 filed 50,000 shares of cumulative preferred stock (par $100). **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Kuhn, Loeb & Co., A. C. Allyn & Co. Inc., and Coffin & Burr, Inc. (jointly); Blyth & Co., Inc.; Union Securities Corp. and Salomon Bros. & Hutzler (jointly); The First Boston Corp.; Harriman Ripley & Co., Inc. and Stone & Webster Securities Corp. (jointly). **Bids**—To be received up to 11 a.m. (EST) on April 14 at 30 Church St., New York, N. Y.

Pan-Israel Oil Co., Inc. of Republic of Panama
March 30 filed American voting trust certificates for 1,000,000 shares of common stock (par one cent). **Price**—To be supplied by amendment. **Proceeds**—For exploratory drilling and development, and for operations and expenses. **Underwriter**—To be named by amendment.

Paradox Uranium Mining Corp.
March 22 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price** — 15 cents per share. **Proceeds**—For mining expenses. **Office**—608 Rood Ave., Grand Junction, Colo. **Underwriter**—Tellier & Co., Jersey City, N. J.

★ **Peninsular Telephone Co., Tampa, Fla. (4/20)**
April 1 filed 131,836 shares of common stock (no par) to be offered for subscription by stockholders of record April 20 at the rate of one new share for each five shares then held (with unsubscribed shares being offered to certain officers and employees); rights to expire on May 5. **Price**—To be supplied by amendment. **Proceeds** For construction program. **Underwriter**—Morgan, Stanley & Co. and Coggeshall & Hicks, both of New York.

Pennsylvania Gas Co.
Feb. 25 (letter of notification) 17,526 shares of capital stock (no par) being offered for subscription by minority stockholders of record March 19 on basis of one new share for each 12½ shares held; rights to expire on April 26. National Fuel Gas Co., majority stockholder, will subscribe for an additional 28,554 shares. **Price**—$15 per share. **Proceeds**—For acquisition and working capital. **Office**—Warren, Pa. **Underwriter**—None.

● **Pennsylvania Power & Light Co.**
March 12 filed 704,917 shares of common stock (no par) being offered for subscription by common stockholders of record April 2 at the rate of one new share for each seven shares held; rights to expire on April 19. **Price**—$39.75 per share. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—The First Boston Corp., New York, and Drexel & Co., Philadelphia, Pa.

People's Finance Corp., Denver, Colo.
March 23 filed $300,000 of 6% 15-year convertible subordinated debentures. **Price**—100% of principal amount. **Proceeds**—For general corporate purposes, probably to reduce outstanding bank loans or repurchase of outstanding securities. **Underwriter** — Paul C. Kimball & Co., Chicago, Ill.

People's Finance Corp., Denver, Colo.
March 23 filed 2,904 shares of 6% cumulative preferred stock. **Price**—At par ($50 per share). **Proceeds** — For general corporate purposes. **Underwriter**—None. Company is also seeking registration of $164,000 of debentures, notes and preferred and common stock heretofore sold and holders thereof are to be offered the right to rescind their purchases.

★ Precision Diamond Tool Co.
March 30 (letter of notification) 75 shares of 6% cumulative preferred stock (par $500) and 140 shares of common stock (no par). **Price**—For preferred, at par, and for common, $85 per share. **Proceeds** — To retire bank loans and for working capital. **Underwriter**—None.

● Public Service Co. of New Mexico
March 17 filed 138,656 shares of common stock (par $5) being offered for subscription by common stockholders of record April 1 at the rate of one new share for each 10 shares held; rights to expire on April 27. **Price**—$11.25 per share. **Proceeds**—For construction program. **Underwriter**—Allen & Co., New York.

★ Pumice, Inc., Idaho Falls, Idaho
March 29 (letter of notification) 1,170,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—To complete plant, repay obligations and for working capital. **Office** — 1820 N. Yellowstone, Idaho Falls, Idaho. **Underwriter** — Coombs & Co., Salt Lake City, Utah.

★ Puritan Bottling Co., Inc.
March 30 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For equipment, expansion and working capital. **Office**—615 Adams St., Hoboken, N. J. **Underwriter**—None.

★ Regal Plastic Co., Kansas City, Mo.
March 29 (letter of notification) 60,000 shares of common stock (par 25 cents). **Price**—At market (approximately $4 per share) offered to warrant holders at 1 cent per share and exercisable at $2 per share. **Proceeds** — For general corporate purposes. **Underwriter** — S. D. Fuller & Co., New York.

● Resort Airlines, Inc., Miami, Fla.
March 17 (letter of notification) 1,087,030 shares of common stock (par 10 cents), being offered for subscription by stockholders of record March 15 on a 1-for-2 basis; rights to expire April 16. **Price** — 25 cents per share. **Proceeds**—For working capital. **Address** — Box 242, International Airport, Miami, Fla. **Underwriter**—None.

● Safeway Stores, Inc., Oakland, Calif.
March 17 filed 267,000 shares of 4.30% cumulative convertible preferred stock (par $100) being offered for subscription by common stockholders at rate of one preferred share for each 13 shares of common stock held on April 5; rights to expire April 21. **Price**—$100.35 per share. **Proceeds**—To repay bank loans and for working capital. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

★ Service Loan Co. of Delaware
March 29 (letter of notification) $90,000 of subordinated 6% debenture notes, due Oct. 1, 1962, and $40,000 of subordinated 7% debenture notes due Oct. 1, 1968. **Price**—At par. **Proceeds**—For working capital and redemption of certain notes. **Office** — 11410 East Jefferson Ave., Detroit, Mich. **Underwriter**—None.

★ Sheaffer (W. A.) Pen Co., Madison, Iowa
March 30 (letter of notification) an undetermined number of shares of common stock (par $1) to be offered for subscription by employees. **Price**—At market (based on closing price on New York Stock Exchange on date of purchase). **Proceeds** — For general corporate purposes. **Office** — 301 Avenue H, Fort Madison, Iowa. **Underwriter**—None.

● Signature Loan Co., Inc.
March 5 filed 58,916 shares of 7% cumulative convertible preferred stock (par $11) being offered in exchange for outstanding participating preferred stock held at close of business March 25 on basis of two new shares of 7% stock for each old participating preferred share held. The offer expires on April 30. Subject to prior right of exchange, 47,806 shares of the new preferred are to be purchased by the below named underwriters and reoffered to public. **Price**—$11.50 per share. **Proceeds**—To retire participating preferred stock. **Underwriters** — Simon, Strauss & Himme, New York; William N. Pope, Inc., Syracuse, N. Y.; and Chace, Whiteside, West & Winslow, Inc., Boston, Mass. **Change in Name**—Company was formerly known as Federal Loan Co. of Pittsfield, Inc.

● Signature Loan Co., Inc.
March 5 filed 29,458 shares of convertible preferred stock (par $11) and 29,458 shares of class A common stock (par $1) being offered to holders of participating preferred stock in units of one share of each class of stock on the basis of one unit for each participating preferred share held as of record March 25 (with an oversubscription privilege); rights will expire on April 30. **Price**—$15 per unit to stockholders and $15.50 per unit to public. **Proceeds** — For expansion and working capital. **Underwriters** — Simon, Strauss & Himme and A. M. Kidder & Co., both of New York; William N. Pope, Inc., Syracuse, N. Y.; Chace, Whiteside, West & Winslow, Inc. and Draper, Sears & Co., both of Boston, Mass.; and Chilson, Newbery & Co., Kingston, N. Y.

★ Silicate Reduction Corp., Denver, Colo.
March 31 (letter of notification) 175,050 shares of common stock, of which 150,000 shares are to be offered to public and 25,050 shares issued to promoters for services. **Price**—At par ($1 per share). **Proceeds**—To repay notes, purchase equipment and for other corporate purposes. **Office**—3064 S. Elm St., Denver, Colo. **Underwriter**—None.

Somerset Telephone Co.
Feb. 25 (letter of notification) 5,600 shares of preferred stock. **Price** — At par ($5 per share). **Proceeds** — To establish three dial exchanges. **Office**—Norridgewock, Maine. **Underwriters**—E. H. Stanley & Co. and Clifford J. Murphy Co., of Waterville, Maine.

★ Southern Counties Gas Co. of California
April 5 filed $15,000,000 first mortgage bonds, series A, due 1984. **Proceeds**—To repay advances received from parent, Pacific Lighting Corp., and for new construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane and Dean Witter & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp.; White, Weld & Co.

Southern Indiana Gas & Electric Co. (4/13)
March 5 filed $8,000,000 first mortgage bonds due April 1, 1984. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co.; Kidder, Peabody & Co.; Carl M. Loeb, Rhoades & Co.; Salomon Bros. & Hutzler; The First Boston Corp.; Equitable Securities Corp.; White, Weld & Co. and Shields & Co. (jointly); Blair, Rollins & Co. Inc. **Bids**—To be received up to 11 a.m. (EST) on April 13 at office of Commonwealth Services, Inc., 20 Pine Street, New York, N. Y.

Spokane Seed Co., Spokane, Wash.
March 8 filed $600,000 of 5% convertible debentures due June 15, 1964, to be sold to pea growers located in Eastern Washington and Northern Idaho. **Price**—100% of principal amount. **Proceeds**—To improve facilities and for working capital. **Underwriter**—None.

Standard Uranium Corp., Moab, Utah (4/14-15)
March 15 filed 1,430,000 shares of common stock (par one cent). **Price**—$1.25 per share. **Proceeds**—To exercise options on claims, and for general corporate purposes. **Underwriters**—Gearhart & Otis, Inc., New York, and Crerie & Co., Houston, Tex.

● Strevell-Paterson Finance Corp.
Feb. 19 filed 640,000 shares of common stock (par 50 cents being offered in exchange for the $300,000 par value of authorized, issued and outstanding capital stock of Strevell-Paterson Finance Co. on the basis (a) of 13 shares of Corporation stock for each of the 5,000 shares of 5% cumulative preferred stock (par $10) of the Company and (b) 23 shares of Corporation stock for each of the 25,000 shares of $10 par common stock of the company. Offer expires Oct. 31. **Underwriter**—None. **Office**—Salt Lake City, Utah. Statement effective March 30.

● Super Valu Stores, Inc., Hopkins, Minn. (4/9)
See Winston & Newell Co., below.

● Telephone Bond & Share Co., Wilmington, Del.
March 31 filed 325,000 shares of common stock (par $1) to be offered for subscription by stockholders on the basis of one new share for each two shares held. **Price** —To be supplied by amendment. **Proceeds**—For financing of company's subsidiaries. **Underwriters**—May be Lazard Freres & Co. (to handle books); White, Weld & Co.; and W. C. Pitfield & Co., Inc.

● Temco Aircraft Corp. (4/20-21)
March 30 filed 300,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To three selling stockholders. **Underwriter** — Van Alstyne, Noel & Co., New York.

Texas Southern Oil & Gas Co.,
March 15 (letter of notification) 200,000 shares of common stock (par 25 cents). **Price**—$1.50 per share. **Proceeds**—For payment to Warlit Oil Corp. and for working capital. **Office** — Wilson Tower Building, Corpus Christi, Texas. **Underwriter** — Barrett Herrick & Co., Inc., New York.

Texas Utilities Co. (4/13)
March 15 filed 250,000 shares of common stock (no par). **Proceeds**—For investment in subsidiaries. **Underwriters** —To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly); The First Boston Corp. and Blyth & Co., Inc. (jointly). **Bids** —to be received up to 11 a.m. (EST) on April 13, at Two Rector St., New York, N. Y.

★ Texas Western Oil Co., Inc., Houston, Texas
March 30 (letter of notification) 300,000 shares of common stock to be offered in exchange for oil, gas and mineral leases valued at $30,000. **Underwriter**—None.

● Textron Incorporated, Providence, R. I.
Feb. 8 filed 195,668.4 shares of 4% preferred stock, series B (par $100) and 489,171 shares of common stock (par 50 cents) to be offered to holders of the 978,342 shares of common stock of American Woolen Co. on the basis of one-fifth of a share of preferred and one-half share of common stock plus $5 in cash for each American Woolen common share up to and including April 19. From April 20 to May 20, the cash consideration will be $3.50; from May 21 to June 21, $2; and for June 22 to July 20, no cash. **Dealer-Manager**—Blair, Rollins & Co. Inc., New York.

★ Town & Country Gas Co., Inc., Richmond, Va.
March 30 (letter of notification) 3,000 shares of class A common stock (par $1). **Price**—$37.50 per share. **Proceeds**—For equipment and new construction and to reduce liabilities. **Office**—McQuire Circle, Richmond, Va. **Underwriter**—None.

Trip-Charge, Inc., Pittsburgh, Pa.
March 17 (letter of notification) 22,428 shares of 7% preferred stock (par $10) and 7,476 shares of common stock (par $1) to be offered in units of three preferred shares and one common share. **Price**—$33 per unit. **Proceeds**—For expansion and working capital. **Business** —Credit cards. **Office**—Fifth and Hamilton, Pittsburgh 6, Pa. **Underwriter**—None. Common stockholders will have preemptive right to subscribe for units of one share of each class of stock at $12.50 per unit.

United Gas Corp., Shreveport, La.
March 29 filed $3,500,000 of participations in the Employees' Stock Purchase Plan of this company and its subsidiaries, United Gas Pipe Line Co. and Union Producing Co.; and 125,000 shares of common stock of United Gas Corp. which may be purchased pursuant to the plan.

Utah Power & Light Co. (4/28)
Feb. 16 filed $15,000,000 of first mortgage bonds due 1984. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Stone & Webster Securities Corp. (jointly); Union Securities Corp. and Smith, Barney & Co (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly); The First Boston Corp. and Blyth & Co., Inc. (jointly); Kidder, Peabody & Co.; Salomon Bros. & Hutzler. **Bids**—Tentatively expected to be received up to noon (EDT) on April 28 in Room 2033, Two Rector St., New York, N. Y.

★ Vokar Corp., Dexter, Mich.
March 30 (letter of notification) a maximum of 50,000 shares of common stock. **Underwriter**—None.

● Vulcanized Rubber & Plastics Co.
March 23 (letter of notification) 3,540 shares of common stock (no par) offered on April 5 to stockholders of record March 30 on a basis of one new share for each two shares of preferred or common stock held; rights to expire on April 19. **Price**—$25 per share. **Proceeds**—To purchase two injection molding presses and for working capital. **Office**—261 Fifth Ave., New York 16, N. Y. **Underwriter**—None.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20, 1952 filed $29,000,000 12-year 6% debentures due Dec. 15, 1964, and 580,000 shares of common stock (par 50 cents) to be offered in units of one $50 debenture and one share of stock. **Price**—To be supplied by amendment. **Proceeds**—From sale of units and 1,125,000 additional shares of common stock and private sales of $55,000,000 first mortgage bonds to be used to build a 1,030 mile crude oil pipeline. **Underwriters** — White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20, 1952 filed 1,125,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to be used to build pipeline. **Underwriters**—White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

West Penn Power Co. (4/20)
March 25 filed $12,000,000 first mortgage bonds, series P, due April 1, 1984. **Proceeds**—For construction program of company and its subsidiaries. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Lehman Brothers; W. C. Langley & Co.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Kuhn, Loeb & Co.; Harriman Ripley & Co. Inc. **Bids** — Tentatively expected up to 11 a.m. (EST) on April 20.

● West Texas Utilities Co. (4/8)
March 15 filed 60,000 shares of cumulative preferred stock (par $100), of which 47,370 shares are to be first offered in exchange for outstanding $6 cumulative preferred stock on a share-for-share basis. The exchange offer will expire on April 19. **Proceeds**—To redeem $6 preferred stock and to finance new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Blyth & Co., Inc.; Harriman Ripley & Co. Inc.; Union Securities Corp.; Lehman Brothers; Stone & Webster Securities Corp. **Bids**—To be received up to 11:30 a.m. (CST) on April 8 at 20 North Wacker Drive, Chicago, Ill.

Westinghouse Electric Corp., Pittsburgh, Pa.
March 2 filed 483,190 shares of common stock (par $12.50) to be offered under restricted stock option plan to certain officers and other executive employees of company and its subsidiaries; and 200,000 shares of said stock to be offered under employees' stock plan to employees of company and six subsidiaries.

★ Whitehall Fund, Inc., New York
March 31 filed 100,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

Wilson Organic Chemicals, Inc.
March 18 (letter of notification) 7,500 shares of common stock (par $1). **Price**—$2.37½ per share. **Proceeds**—To selling stockholder. **Office** — Sayreville, N. J. **Underwriter**—Graham, Ross & Co., Inc., New York.

● Winston & Newell Co., Hopkins, Minn. (4/9)
March 19 filed 12,000 shares of 5.40% cumulative preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans. **Underwriters**—J. M. Dain & Co., Piper, Jaffray & Hopwood and Woodard-Elwood & Co., all of Minneapolis, Minn. **Change in Name**—In April, 1954, name will be changed to Super Valu Stores, Inc.

● Wisconsin Electric Power Co. (4/28)
April 7 filed 421,492 shares of common stock (par $10) to be offered for subscription by stockholders of record about April 28 on the basis of one new share for each ten shares held (with an oversubscription privilege). **Price**—To be supplied by amendment. **Proceeds**—For property additions and improvements. **Underwriter**—None.

★ Wisconsin Electric Power Co. (5/4)
April 7 filed $20,000,000 first mortgage bonds due 1984. **Proceeds**—For property additions and improvements. **Underwriter**—To be determined by competitive bidding.

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Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; Kuhn, Loeb & Co.; Lehman Brothers and Salomon Bros. & Hutzler (jointly); Union Securities Corp. and Harriman Ripley & Co. Inc. (jointly); The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane. **Bids**—Tentatively expected to be received on May 4.

● York Corp., York, Pa. (4/14)
March 25 filed $18,000,00 of sinking fund debentures due 1974 and 220,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire an unspecified amount of first mortgage bonds and bank loans, for expansion and working capital. **Business**—Manufactures air conditioning and refrigeration equipment. **Underwriters**—The First Boston Corp. and Kidder, Peabody & Co., both of New York.

Prospective Offerings

Alabama Gas Corp.
March 1 it was announced stockholders will vote April 20 on approving an increase in the authorized common stock (par $2) from 1,000,000 to 2,000,000 shares. Southern Natural Gas Co., parent, owns about 99% of the presently outstanding common stock. There are no plans for immediate financing. **Underwriter**—None.

Allis-Chalmers Manufacturing Co. (5/6)
March 23 the company announced it is preparing a $50,000,000 financing program which will include the issuance and sale of 350,000 shares of new $100 par convertible preferred stock (carrying a dividend rate between 3¾% and 4¼%) and $15,000,000 of debentures or notes. **Proceeds** — To be added to general funds. **Meeting**—Stockholders will vote May 5 on a proposal to increase the authorized preferred stock (par $100) from 259,481 shares (118,854 shares outstanding) to 618,854 shares. **Underwriter**—Previous financing was underwritten by Blyth & Co., Inc., New York. **Registration** — Of preferred expected about April 15. Debt financing may be private.

American Natural Gas Co.
March 11 it was announced stockholders will vote April 28 on increasing the authorized common stock from 4,000,000 to 5,000,000 shares to enable the company to sell additional shares when necessary. Offering will probably be made to present stockholders: **Proceeds**—To subsidiaries for their construction programs. **Underwriter**—None.

Arkansas Louisiana Gas Co.
Feb. 22 it was reported Cities Service Co. may sell its holdings of 1,900,000 shares of this company's stock. If sold at competitive bidding, bidders may include Smith, Barney & Co. and Blyth & Co., Inc. (jointly).

Arkansas Power & Light Co.
Feb. 8 it was reported company plans to sell, probably in August, an issue of about $7,500,000 first mortgage bonds due 1984. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Lehman Brothers, Stone & Webster Securities Corp. and White, Weld & Co. (jointly); Blyth & Co., Inc., Equitable Securities Corp. and Central Republic Co. Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly).

Boston Edison Co.
Feb. 15 it was announced company plans to issue and sell about $15,000,000 of first mortgage bonds due 1984. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Lehman Brothers; Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); White, Weld & Co.; Harriman Ripley & Co. Inc. **Offering**—Tentatively expected in June.

Carrier Corp.
Feb. 23 stockholders approved a proposal to increase the authorized common stock (par $10) from 1,600,000 shares to 5,000,000 shares and the authorized preferred stock (par $50) from 181,855 shares to 800,000 shares to provide for further possible financing. **Proceeds**—For expansion, etc. **Underwriters**—Harriman Ripley & Co. Inc. and Hemphill, Noyes & Co.

Central Hudson Gas & Electric Corp.
March 8 it was announced issues of mortgage bonds and preferred stock are now under consideration, but definite plans will depend largely upon developments in the securities markets. Construction cash requirements are estimated at $17,300,000 for 1954-1955. Company is reported to be considering the issuance of about $9,000,000 bonds this fall and $3,500,000 of preferred stock in 1955. **Underwriter**—Kidder, Peabody & Co., New York.

Central Illinois Electric & Gas Co.
Dec. 9 it was announced company intends to offer and sell around the middle of 1954 an issue of $4,000,000 first mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly).

★ Central Maine Power Co.
William F. Wyman, President, on April 1 reported that the company expects to sell $5,000,000 of convertible preferred stock late in the second quarter of 1954, but that details of the offering are not available at this time. **Proceeds**—For construction program. **Underwriter**—May be determined by competitive bidding. Probable bidders: Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Harriman Ripley & Co. Inc.; Coffin & Burr, Inc.

Chicago Great Western Ry.
Feb. 26, the ICC dismissed the company's application for exemption of an issue of $6,000,000 collateral trust bonds due Nov. 1, 1978 from competitive bidding. **Proceeds** — To repay bank loans and for capital improvements. **Underwriters**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and Union Securities Corp. (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly); The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane. On April 23, last year, the road rejected the only bid made of 98.05% for a 5¾% coupon by Halsey, Stuart & Co. Inc. and Union Securities Corp. (jointly).

Chicago & North Western Ry. (4/15)
Bids will be received by the company up to noon (CST) on April 15 at 400 West Madison St., Chicago, Ill., for the purchase from it of $4,695,000 equipment trust certificates to be dated May 1, 1954 and to mature in 15 equal annual instalments to May 1, 1969. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Blair, Rollins & Co. Inc.

Colonial Fund, Inc.
March 12 it was reported that, in connection with proposal to mutualize this Fund, a block of capital stock may be offered publicly through Stone & Webster Securities Corp., New York, and associates.

Colorado-Western Pipeline Co.
March 5 it was announced company has applied to Colorado P. U. Commission for authority to build a $21,500,000 natural gas pipe line, in Colorado, to be financed through sale of about 70% of bonds and 30% of equity capital. John R. Fell, a partner of Lehman Brothers, is a Vice-President.

Columbia Gas System, Inc.
March 5 it was announced that company plans early in June to issue and sell $40,000,000 of senior debentures and an additional $40,000,000 of senior debentures later in 1954. **Proceeds**—For construction expenses and to repay a bank loan of $25,000,000. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

Connecticut Light & Power Co.
Dec. 7 it was reported company plans to raise between $10,000,000 and $20,000,000 in 1954 from sale of bonds and stock. **Underwriters**—For common stock: Putnam & Co.; Chas. W. Scranton & Co., and Estabrook & Co. Bonds may be placed privately.

Consolidated Edison Co. of New York, Inc. (5/11)
March 22 company applied to New York P. S. Commission for authority to issue and sell $50,000,000 of first and refunding mortgage bonds, series K, due 1984. **Proceeds**—To redeem outstanding New York Steam Corp. and Westchester Lighting Co. bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Bids** — Expected to be received on May 11.

Consolidated Natural Gas Co. (5/25)
Jan. 27 it was reported company plans to issue and sell $25,000,000 of debentures due 1979. **Proceeds**—To purchase stock of company's operating subsidiaries, who in turn will apply these proceeds for construction. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly); Morgan Stanley & Co. and The First Boston Corp. (jointly). **Bids**—Expected to be received up to 11:30 a.m. (EDT) on May 25.

Duquesne Light Co.
March 8, Philip A. Fleger, Chairman, stated that about $24,000,000 of new capital will be required during 1954 and that plans for obtaining the necessary funds will be announced in the near future. **Underwriters**—To be determined by competitive bidding. Probable bidders: (1) for bonds—Halsey, Stuart & Co. Inc.; The First Boston Corp.; Glore, Forgan & Co.; Kuhn, Loeb & Co., Union Securities Corp. and A. C. Allyn & Co., Inc. (jointly); White, Weld & Co.; Drexel & Co. and Equitable Securities Corp. (jointly); Harriman, Ripley & Co., Inc. (2) For common stock—Kidder, Peabody & Co. and White, Weld & Co. (jointly); Blyth & Co. Inc. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Union Securities Corp.; Kuhn, Loeb & Co. and Smith, Barney & Co. (jointly); Stone & Webster Securities Corp.; The First Boston Corp. and Lehman Brothers (jointly); Carl M. Loeb, Rhoades & Co. and Wertheim & Co. (jointly).

Eastern Utilities Associates
March 8 it was announced company plans the sale not later than Oct. 1, 1954 of about $2,000,000 of common stock, probably first to stockholders. **Proceeds**—To repay bank loan.

Empire District Electric Co.
March 16 it was reported company plans the sale about the middle of 1954 of not over 40,000 shares of preferred stock, if market conditions are favorable. **Proceeds**—About $4,000,000 to be used for construction program. **Underwriters**—The First Boston Corp, New York; and G. H. Walker & Co., St. Louis, Mo.

Fidelity Trust of America, Dallas, Tex.
Dec. 22 it was announced that company plans to increase its capitalization to $3,000,000, following which a registration statement will be filed with the SEC to authorize a new offering. There are presently authorized 35,000 shares of no par value, of which 33,750 shares will be outstanding following present offering and sale of 30,000 shares of common stock at $10 per share. **Business**—A discount and lending organization. **Office**—Fidelity Bldg., Dallas, Tex. **Underwriter**—May be Boylen, Kasper & Co., Dallas, Tex.

First National Bank of Portland (Ore.)
Feb. 23 stockholders approved a proposal to issue and sell to stockholders of record Feb. 26 a total of 400,000 additional shares of $12.50 par value capital stock on the basis of one new share for each three shares held; rights to expire on April 15. **Price**—$40 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Unsubscribed shares to be purchased by Transamerica Corp.

First National Bank of Toms River, N. J. (5/14)
Jan 12 it was announced bank plans to offer for subscription by its stockholders of record May 1, 1954, an additional 3,000 shares of capital stock (par $10) on the basis of one new share for each 26 shares held; rights to expire on June 16. **Price**—$50 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

● Florida Power Corp.
March 27, it was announced that the company plans new financing late this summer which would require issuance of common stock and probably $10,000,000 of bonds. **Proceeds** — For new construction. **Underwriters** — For common stock (first to common stockholders), Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly). For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Lehman Brothers; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly). Common stock was increased by stockholders on March 25 from 2,500,000 shares to 5,000,000 shares, and the preferred stock from 250,000 shares to 500,000 shares.

Florida Power & Light Co.
Jan. 25 it was reported company may later this year issue and sell about $15,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane; Glore, Forgan & Co. and Harriman Ripley & Co. Inc. (jointly).

Foote Mineral Co., Philadelphia, Pa.
Feb. 20 it was announced stockholders will vote April 22 on increasing the authorized common stock (par $2.50) from 500,000 shares to 1,000,000 shares. There are presently 276,088 shares outstanding and an additional 43,217 shares are reserved for conversion of debentures and the remaining 180,695 shares are available for the employees' stock bonus plan. The proposed increase in capitalization is necessary to provide additional shares to finance the continued growth of the company, or if it seems advisable for stock dividends or a stock split. **Underwriter**—Estabrook & Co., New York and Boston.

● General Acceptance Corp. (5/4)
March 22 it was reported company plans registration, probably next week, of $4,000,000 convertible debentures due 1984 (with warrants). **Underwriter**—Paine, Webber, Jackson & Curtis.

● General Public Utilities Corp. (5/12)
March 8 it was announced company plans to offer about 606,576 additional shares of common stock (par $5) to stockholders on the basis of one new share for each 15 shares held on or about May 12; rights to expire June 2. **Price**—To be determined just prior to the offering date. **Proceeds**—To be invested in the domestic subsidiaries. **Underwriter**—None, but Merrill Lynch, Pierce, Fenner & Beane may act as clearing agent.

Granby Consolidated Mining, Smelting & Power Co., Ltd.
March 23 it was announced that the company may find it necessary to sell a bond issue or to issue the balance of its unissued common shares, of which there are 149,739.35 of $5 par value. As the company's shares are now selling on the New York Stock Exchange at about $7.50 per share it is necessary that stockholders on April 13 approve issuance of the unissued shares before they can be sold at a premium. **Proceeds**—To be used for financing Granduc Mines, Ltd., in which Granby owns an interest.

Indiana & Michigan Electric Co.
Jan. 27 it was announced company plans to sell around November, 1954, an issue of about $16,500,000 first mortgage bonds due 1984 and 40,000 shares of cumulative preferred stock (par $100). **Underwriter** — To be determined by competitive bidding. Probable bidders: (1) For bonds—Halsey, Stuart & Co. Inc.; Union Securities Corp., Goldman, Sachs & Co. and White, Weld & Co. (jointly); The First Boston Corp.; Harriman Ripley & Co. Inc.; Kuhn, Loeb & Co.; (2) for preferred—The First Boston Corp.; Smith, Barney & Co.; Lehman Brothers; Union Securities Corp.

Jersey Central Power & Light Co.
Dec. 16 it was reported company tentatively plans to issue and sell in 1954 about $6,000,000 first mortgage bonds due 1984. **Proceeds** — For construction program. **Underwriters** — To be determined by competitive bidding, Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Glore, Forgan & Co.; Kidder, Peabody & Co.; Union Securities Corp., Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Beane (jointly); The First Boston Corp.: Lehman Brothers.

Kansas City Power & Light Co.
March 8 it was announced that company may sell in the latter part of 1954 $16,000,000 first mortgage bonds. **Proceeds** — To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Bear, Stearns & Co. (jointly); Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Glore, Forgan & Co.; Blyth & Co., Inc. and The First Boston Corp. (jointly); White, Weld & Co. and Shields & Co. (jointly); Harriman Ripley & Co., Inc., Equitable Securities Corp. **Meeting** — Stockholders will vote April 27 on approving new financing.

Kansas-Nebraska Natural Gas Co., Inc. (5/3)
March 24 it was reported company plans to issue and sell 10,000 shares of 5% cumulative preferred stock (par $100) and 85,909 shares of common stock (latter to stockholders on a 1-for-10 basis). **Proceeds**—For expansion program. **Underwriters**—The First Trust Co. of Lincoln, Neb.; and Cruttenden & Co., Chicago, Ill.

Koppers Co., Pittsburgh, Pa.
March 29 stockholders voted to increase the authorized common stock from 2,000,000 shares (1,867,125 shares outstanding) to 3,000,000 shares. There are no immediate plans to issue any of the additional stock. **Underwriter**—The First Boston Corp., New York.

Long Island Lighting Co.
March 4 it was announced company plans later this year to issue additional common stock and mortgage bonds to finance its construction program, which will require about $70,000,000 additional financing. **Underwriter**—For bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; W. C. Langley & Co.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Smith, Barney & Co. Underwriters for common stock may be Blyth & Co., Inc., The First Boston Corp. and W. C. Langley & Co. and associates.

Louisville & Nashville RR.
Nov. 12 it was reported that the company may issue and sell an issue of bonds late in 1954. **Proceeds**—To retire $24,610,000 Atlanta, Knoxville & Cincinnati Division 4% bonds due May 1, 1955, and for general corporate purposes. **Underwriters**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co. and Salomon Bros. & Hutzler (jointly).

Metropolitan Edison Co.
Dec. 16 it was reported company may sell in 1954 about $3,500,000 first mortgage bonds due 1984. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Kidder, Peabody & Co and Drexel & Co. (jointly); Kuhn, Loeb & Co. and Salomon Bros. & Hutzler (jointly).

Missouri Public Service Co.
Dec. 28 it was announced company plans to issue and sell $14,000,000 of common stock and borrow $18,000,000 from banks in connection with proposed acquisition of 1,500,000 shares of common stock of Gas Service Co. of Kansas City, Mo., at a total cost of $32,000,000. Following consummation of proposed merger of the two companies, it is planned to sell $9,000,000 of first mortgage bonds, $2,500,000 of debentures and 65,000 shares of preferred stock (par $100). **Proceeds** — To retire bank loans. **Underwriter**—For common stock (now in registration): Kidder, Peabody & Co.

Montana-Dakota Utilities Co.
March 17 it was reported that company plans to issue and sell late this year some additional first mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., White, Weld & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blair, Rollins & Co. Inc.

★ **National Fuel Gas Co.**
April 1 it was reported company plans to offer about 400,000 shares of capital stock (no par) for subscription by stockholders later this year or early next year, subject to approval on April 29 of a proposal to increase the authorized capital stock from 4,000,000 to 6,000,000 shares. **Proceeds**—For new construction. **Underwriter**—Dillon, Read & Co., New York, handled secondary offering in 1943.

New Jersey Power & Light Co.
Dec. 16 it was reported this company tentatively plans issue and sale in 1954 of about $3,000,000 first mortgage bonds due 1984. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Lehman Brothers (jointly); Equitable Securities Corp.; Union Securities Corp. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane.

New Orleans Public Service Inc.
Feb. 8 it was reported company plans to offer for sale $6,000,000 of first mortgage bonds due 1984 late this year. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Union Securities Corp. and Harriman Ripley & Co. Inc. (jointly); Lehman Brothers; Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); The First Boston Corp.; White, Weld & Co.

● **New York State Electric & Gas Corp.**
March 26 company applied to the New York P. S. Commission for authority to issue and sell $20,000,000 first mortgage bonds. **Proceeds** — For construction program. **Underwriters**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Salomon Bros. & Hutzler (jointly); Union Securities Corp.; The First Boston Corp. and Glore, Forgan & Co. (jointly); Lehman Brothers, Harriman Ripley & Co. Inc.; Hemphill, Noyes & Co. and Drexel & Co. (jointly). **Bids**—Expected about the middle of May.

Northern Illinois Gas Co.
March 12 it was announced directors have authorized a public offering, subject to market conditions, of 400,000 shares of common stock about May 1. **Proceeds** — For construction program. **Underwriters**—The First Boston Corp. and Glore, Forgan & Co., both of New York.

★ **Northern Natural Gas Co.**
March 31 it was announced company plans to issue and sell an issue of $40,000,000 of debentures. **Proceeds**—To refund a like amount of 4½% debentures sold last June. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. **Offering**—Expected in May.

● **Northern Natural Gas Co.**
March 29 it was announced company has applied to the Nebraska Railway Commission for authority to issue 365,000 shares of common stock to be offered to stockholders on the basis of one new share for each nine shares held with sale scheduled for May or June. It thereafter expects to market $24,000,000 of sinking fund debentures due 1974. **Proceeds**—For construction program. **Underwriter**—Probably Blyth & Co., Inc., New York and San Francisco.

Northern States Power Co. (Minn.)
Feb. 8 it was reported company is planning the issuance and sale of approximately $20,000,000 of first mortgage bonds due 1984 in October of 1954. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Riter & Co. (jointly); Smith, Barney & Co.; Glore, Forgan & Co.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. and Union Securities Corp. (jointly); Kuhn, Loeb & Co.; A. C. Allyn & Co. Inc. and Wertheim & Co. (jointly).

● **Ogden Corp., New York**
April 1 stockholders approved issuance of $20,000,000 debentures and 300,000 shares of preferred stock (par $50) and increased the authorized common stock from 3,404,135 shares to 5,500,000 shares. **Proceeds**—To complete certain acquisitions and to repay short-term borrowings. **Underwriter**—May be Allen & Co., New York.

Pennsylvania Glass Sand Corp.
Feb. 26 it was announced stockholders will vote April 27 on increasing the authorized common stock from 740,000 shares to 1,000,000 shares. No immediate plans to issue any of the additional stock have been announced. **Underwriters**—Harriman Ripley & Co. Inc., and Smith, Barney & Co., New York.

● **Pioneer Natural Gas Co.**
March 26, P. C. Spencer, President of Sinclair Oil Corp., announced that Sinclair has under formulation plans for the disposal of its holdings of 769,721 shares of Pioneer stock and 384,860 shares of Westpan Hydrocarbon Co. stock. **Underwriter**—Union Securities Corp., New York, underwrote recent sale of Sinclair's holdings of Colorado Interstate Gas Co. stock.

Public Service Electric & Gas Co. (5/26)
Jan. 27, G. H. Blake, President, announced that a $50,000,000 financing program is expected in the Spring The type of securities to be issued is still undetermined but some form of debt financing is indicated (probably first and refunding mortgage bonds due 1984). **Underwriters**—For any bonds will be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and Drexel & Co. (jointly); Kuhn, Loeb & Co. and Lehman Brothers (jointly); The First Boston Corp. **Bids**—Tentatively expected on May 26.

★ **Puget Sound Power & Light Co.**
April 5 the directors approved a program designed to refund the company's long-term debt. Bidders may include Halsey, Stuart & Co. Inc.; Lehman Brothers; Stone & Webster Securities Corp.

★ **Rockland Light & Power Co.**
April 1, Rockwell C. Tenney, Chairman of the Board, announced that the 1954 construction program, estimated at $14,000,000, will require further financing. Common stock financing to stockholders in 1953 was underwritten by Merrill Lynch, Pierce, Fenner & Beane. An issue of $8,000,000 bonds were also sold last year at competitive bidding, with the following making bids: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kuhn, Loeb & Co.; Stone & Webster Securities Corp.; The First Boston Corp. and Salomon Bros. & Hutzler (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane.

St. Joseph Light & Power Co.
March 30, C. A. Semrad, President, announced that the company may raise new money this year through the sale of $1,000,000 first mortgage bonds or from temporary bank loans for its 1954 construction program, which, it is estimated, will cost $1,661,000. **Underwriters**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co., and Glore, Forgan & Co. (jointly); Union Securities Corp.; White, Weld & Co.; Equitable Securities Corp.

Scott Paper Co.
Feb. 23 it was announced stockholders will vote April 27 on increasing the authorized common stock from 5,000,000 to 10,000,000 shares and the authorized indebtedness of the company from $25,000,000 to $50,000,000. The company has no specific financing program. **Underwriters**—Previous offering of $24,952,800 3% convertible debentures, in September, 1953, was underwritten by Drexel & Co., Smith, Barney & Co. and Merrill Lynch, Pierce, Fenner & Beane.

Scudder Fund of Canada, Ltd.
Jan. 29 it was announced company intends to make an initial public offering of its common shares in the United States to realize at least $5,000,000.

South Carolina Generating Co.
March 1 it was reported this company, a subsidiary of South Carolina Electric & Gas Co., is planning to issue and sell $12,000,000 of bonds. **Proceeds**—To pay for new construction. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Lehman Brothers (jointly); Kidder, Peabody & Co.; Union Securities Corp. Previous financing was done privately.

★ **Southern New England Telephone Co.**
March 26 it was reported company, in addition to debenture financing, plans to issue and sell to its stockholders about $10,000,000 of additional common stock (par $25). **Underwriter**—None.

★ **Southern New England Telephone Co.**
March 26 it was reported company plans issuance and sale of about $15,000,000 debentures. If competitive bidders may include Halsey, Stuart & Co. Inc.; Lehman Brothers and Salomon Bros. & Hutzler (jointly); Kuhn, Loeb & Co.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Morgan Stanley & Co. **Offering**—Expected in May or June.

★ **Southern Pacific Co. (4/29)**
Bids are expected to be received by the company in New York up to noon (EDT) on April 29 for the purchase from it of $7,905,000 equipment trust certificates, series NN, dated April 15, 1954 and due annually to April 1, 1969. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

Tennessee Gas Transmission Co.
Jan. 27 it was reported company plans issuance and sale of $20,000,000 of debentures in April or May and $25,000,000 of first mortgage pipe line bonds in July. **Proceeds**—For new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp. and White, Weld & Co. (jointly).

Texas Eastern Transmission Corp.
March 5 it was announced stockholders will vote April 27 on increasing the authorized common stock from 7,500,000 shares to 10,000,000 shares. **Underwriter**—Dillon, Read & Co. Inc., New York.

Toledo Edison Co.
March 3 it was announced stockholders will vote April 20 on increasing the authorized cumulative preferred stock from 300,000 shares to 500,000 shares. **Underwriters**—The First Boston Corp., New York, and Collin, Norton & Co., Toledo, Ohio.

● **Trans-Canada Pipe Lines, Ltd.**
March 26 it was announced that the cost of the building of the proposed cross-Canada gas pipeline would be approximately $292,000,000, which would be financed through the issuance of about $36,500,000 each of common stock and debentures and $219,000,000 of first mortgage bonds. **Underwriters**—Lehman Brothers and Wood, Gundy & Co., Inc., both of New York.

Tri-Continental Corp.
March 30 stockholders voted to reclassify 500,000 shares of presently authorized but unissued $6 cumulative preferred stock, without par value, into 1,000,000 shares of a new class of preferred stock, $50 par value, making possible a refunding of the outstanding $6 preferred stock at an appropriate time, when conditions warrant. **Underwriter**—Union Securities Corp., New York.

Union Oil Co. of California
March 8 it was announced stockholders on April 13 will vote on increasing the authorized common stock from 7,500,000 shares to 15,000,000 shares. The company said it has no immediate plans to market the additional shares. **Underwriters**—Dillon, Read & Co., New York.

Virginia Electric & Power Co. (5/18)
March 17 it was reported company plans to issue and sell $25,000,000 first refunding mortgage bonds due 1984. **Proceeds**—To repay bank loans and for new construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Wertheim & Co. (jointly); Stone & Webster Securities Corp.; White, Weld & Co.; Union Securities Corp.; Salomon Bros. & Hutzler. **Bids**—Expected to be received on May 18. **Registration** — Tentatively scheduled for about April 19.

West Coast Transmission Co.
Oct. 14 it was announced that company now plans to issue $29,000,000 in 1-to-5½-year serial notes; $71,000,000 in 20-year, first mortgage bonds; and $24,440,000 in subordinated long-term debentures and 4,100,000 shares of common stock to be sold to the public. **Proceeds**—To finance construction of a natural gas pipe line from the Canadian Peace River field to western Washington and Oregon. **Underwriter**—Eastman, Dillon & Co., New York.

West Texas Utilities Co.
March 8 it was announced company plans to refund its $5,500,000 bank loan in the Spring of 1955 through the issuance and sale of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Salomon Bros. & Hutzler (jointly); Merrill Lynch, Pierce, Fenner & Beane; Equitable Securities Corp.; Glore, Forgan & Co.; Kuhn, Loeb & Co. and Lehman Brothers (jointly); Kidder, Peabody & Co.; The First Boston Corp.

Western Pacific RR. Co.
March 10 company applied to the ICC for exemption from competitive bidding on its proposed $22,500,000 debenture issue. The 30-year 5% income securities, would be offered in exchange for 225,000 of $100 par preferred stock, of the more than 300,000 shares outstanding. The company plans to offer $100 of debentures, one-fifth of a share of common, and an undetermined cash payment for each share of preferred stock and then redeem the then remaining outstanding 83,211 shares of preferred stock.

● **Westpan Hydrocarbon Co.**
See Pioneer Natural Gas Co. above.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—President Eisenhower's drive to get his program enacted this year changes the prospects for amendments to the Taft-Hartley or Labor-Management Relations act.

Until the President put the heat on for T-H changes along with the rest of his 1954 program, the outlook was for enactment of no changes. Now the outlook is that there is a fair chance that there will be some changes sent to the White House for approval.

On the other hand, the nature of the situation is such that whatever changes are enacted are more likely to please organized labor, in the net, than management.

By and large the two Labor Committees of Congress are at opposite poles of thinking in their outlook on T-H amendments. The House Committee wants to tighten the Act's regulation of labor unions and activities. That is the burden of the bill which the House Labor Committee is turning out.

In the Senate, however, the move is in the opposite direction. The Senate Committee bill, in the opinion of spokesmen for business, jeopardizes the right of management to speak its piece before its employees, the so-called "free speech" provision of the T-H act.

In the Senate bill the ban on secondary boycotts is seen as vitiated seriously, especially the proposal to remove the mandatory requirement that the General Counsel of the National Labor Relations Board shall seek an injunction against secondary boycotts.

Respecting national emergency strikes, the effect of the Senate bill could turn out to be that these disputes would be prolonged to a point where a *de facto* Federal compulsory arbitration would be brought into operation.

President Swings Balance

There are plenty of Senators who dislike surrendering to the unions on the secondary boycott, and other features of the proposed Senate bil. On the other hand, the Senate Commmittee seriously insists that its provisions carry out the objectives outlined by President Eisenhower.

So Republicans who might wish to stand pat on the present T-H Act face the double liability of White House and union opposition if they oppose the bill.

In view of the net effort of the House to strengthen the labor act, it had been long expected that there would be a deadlock between the House and the Senate. The House, incidentally, is likely to remain more firmly anchored to its traditional strong support of T-H, despite the President's influence.

What makes observers think that there is a fair chance for final legislation, however, is the fact that the President wants T-H amendments. This may avoid the anticipated deadlock between the House and Senate. But the final price of action is likely to be a series of amendments far more pleasing to organized labor than to management.

Compel Treasury Payments

Behind the spectacle of the House Republican leadership supporting the cause of public housing against the conservatives opposing this enterprise, is looming a principle of far greater application than merely to public housing.

House Republican leaders have been insisting that the provisions of the 1949 Housing Act pledge the United States to the payment of public housing subsidies once the Public Housing Administration has entered into a firm contract with a local public housing authority. This is because of a provision of the 1949 Act which directly gears these subsidies to the debt service of the local public housing bonds. The "full faith and credit of the United States" is pledged indirectly behind these bonds. This, of course, is an accurate statement of the 1949 Act.

In other words, if Congress fails to take affirmative action to appropriate money to pay these subsidies, the subsidies nevertheless remain a liability of the Treasury. Presumably the Treasury could be forced by a suit in Court to pay these subsidies, thus breaking down the ancient principle of Anglo-Saxon government that no monies shall be paid out of the Treasury except in pursuance of appropriations made therefor.

If a succeeding Federal Administration devoted to public housing can induce its Public Housing Administration to let contracts for hundreds of thousands of public housing units, a not difficult possibility, then the hands of Congress can by this theory be tied.

Or if other Federal aid and grant projects, which exist by the dozens, can be modified by a similar gimmick in the law, then future Federal Administrations may free themselves of the onerous restrictions of the appropriations procedure.

Fulbright Changes Tune

In 1951 Senator J. William Fulbright (D., Ark.) was making the headlines with his "mink coat" investigation of the "scandals in the RFC."

In 1954 Senator Fulbright has been the leading light behind an inquiry by the Senate Banking Committee into the methods and policies used by the Republican Administration in conducting the liquidation of RFC.

The Arkansas Senator was very frank in the one public hearing so far on this subject. He said that the RFC had been a pretty good agency and he indicated he didn't want the liquidation to offer any bargains in RFC assets so the Republicans could say there had been big losses which were due to the maladministration of RFC by Democrats.

Seek Monetary Outlook

Some of the leading spokesmen for the life insurance industry, it is reported, made a rather vigorous appeal to the Treasury and Federal Reserve Board to ascertain the future outlook on monetary policy. In particular, it is said, they sought to learn how much easier the Administration and the Board intended to go with the official policy of "active ease," and to learn, if possible, how long a deliberate easy money policy would be operated.

They went home empty handed, it is reported, with no direction as to the future of monetary policy.

FCA Faces Problem of Capital Pay-Off

Congress created the Farm Credit Administration as a semi-independent agency housed within the U. S. Department of Agriculture, in legislation passed last year. It had previously been an agency of the Department.

At the same time Congress wrote in a provision that within a year the reorganized FCA should submit a plan calling for the repayment of government capital still invested in those institutions.

Although the FCA was organized in 1934, the Treasury still owns $178 million, or all of the capital of the Federal Intermediate Credit banks, $36 million of the capital of the Banks for Cooperatives, and $65.6 million of capital in the Production Credit Corporation, an aggregate for all three types of institutions of about $279 million.

FCA officials expect to foregather soon to begin trying to figure out how to get $279 million back into the Federal Treasury and substitute for the same, capital to be raised from borrowing farmers and farmer cooperatives.

The Federal Land Banks, incidentally, will be issuing around $58 million of bonds, partly for refinancing, partly for new money, some time in May.

Will Publish Gold Hearings

It is the intention of Federal Reserve Subcommittee of the Senate Banking Committee, which held hearings on the proposal to restore the gold coin standard, to publish its public hearings on this question. Senator John W. Bricker (R., O.) is chairman of this Subcommittee.

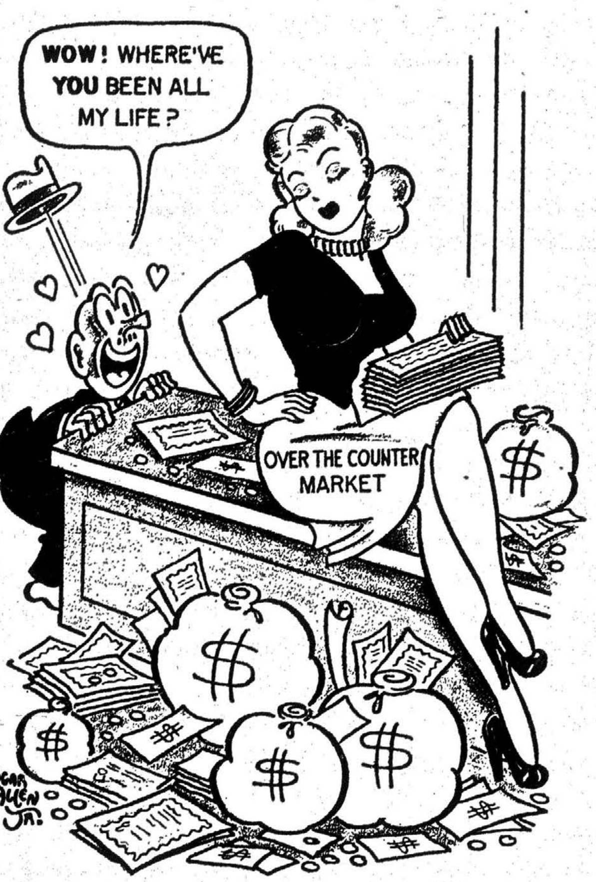
Committee sources will not predict what kind of a report, if any, the Subcommittee will make on this question. However, the committee does intend to consider the idea in executive session, and will not simply abandon the subject with the public hearings.

Debt Limit to Come Up Late

It is now a foregone conclusion that the subject of raising the Federal debt limit will be a last-minute affair. In view of the fact that the tax revision bill cannot be got finally out of the way before June, it will not be possible to consider the subject of raising the statutory debt limit sooner. For it would be foolish, in the opinion of Congressional leaders, to have the subject of the debt limit before Congress at the same time it was considering tax legislation.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capitol and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ



Continued from page 2

The Security I Like Best

in an extensive exploration and drilling program and from which additional reserves will undoubtedly be forthcoming.

Conclusion

Thus it can be readily seen that Arkansas Louisiana Gas offers the investor extremely good values. The long-term outlook for the company is favorable and once the security becomes better known to the investment community its price should more fairly represent these values. One additional plus value may be the fact, not previously mentioned, that Cities Service must dispose of the 51% interest it now holds in the company. Should this interest be taken by another company in the natural gas field it is reasonable to assume that an even more aggressive program will be undertaken than heretofore.

Business Man's Bookshelf

Buy Low—Sell High—Non-technical book on investing—Stockfax, 420-C North Sycamore, Los Angeles 36, Calif., $2.

Government Competition: Problem and Perspective—Chamber of Commerce of the United States, Washington 6, D. C. (paper), 50¢ (quantity prices on request).

New Look in Pension and Profit-Sharing Plans—Meyer M. Goldstein—Pension Planning Company, 260 Madison Avenue, New York 16, N. Y. (paper).