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EDITORIAL

As We See It

Whatever the headlines scream, it can hardly be surprising to the initiated that Geneva does not appear to be contributing a great deal to any solution of the impasse in Korea or the conflict in Indo-China. We may as well tell ourselves the truth about the Orient and our interests there. The observer from Mars would not find it easy to discover any particular reason why the Chinese or the Russians should feel impelled to make large concessions to the West in the Far East. Patience is one of the characteristics of the Oriental. The Chinese are notable examples of Orientalism in this respect. Russia is at least half Asiatic, and is constantly revealing the perseverance so characteristic of the East. Both are, of course, fully aware of the disadvantages under which the West must operate anywhere on the vast land mass of Asia.

All this, of course, confronts the West with the necessity of making some far-reaching decisions. If our policies are to stand the test of history this situation in Asia must be studied in full perspective. Already headlines and news commentators have greatly, we had almost said ridiculously, exaggerated and distorted events in Southeast Asia, and large sections of the American people do not talk or act as if they approached these issues with awareness of the long history out of which they grow. It is difficult to believe that wise decisions are likely to be reached without a better understanding of what is going on in the world in general and in these regions in particular.

The French are being criticized in some quarters as unduly pessimistic about the imme-

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What's Ahead for Business On the Economic Front?

By COURTNEY C. BROWN*

Dean, Graduate School of Business, Columbia University; Formerly Asst. to Chairman, Standard Oil Co. (N. J.)

Asserting prospective business upturn in latter months of this year may be merely a rally in a longer period of slack activity, Dean Brown looks for a more solid upturn in the years ahead, when goods in consumers' hands are used up and business assets depreciate. Sees no need under present circumstances for additional government activity to induce business expansion.

The great increase of published information about business in recent years has had several interesting consequences. Among other things it has probably made the nation's business somewhat less vulnerable to serious decline. It has helped businessmen avoid the prolongation of policy mistakes that a quarter of a century ago would have been less quickly disclosed. But there has been another consequence of this information-gathering activity which in a subtle way may have become somewhat less beneficial.

C. C. Brown

New facts encourage the development of new curiosities and new interpreters. Never before have there been so many people willing and anxious to express themselves about the meaning of the vast volume of business data that are now our daily diet. By and large the same data are available to every one. For the most part, similar methods of analysis are used. Those interpreters recognized as the most authoritative tend to set the tone and direction of the crescendo of opinion. By the process of repetition, interpretations, often made

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*An address of Dr. Brown before the 2nd General Session of the 42nd Annual Meeting of the Chamber of Commerce of the United States, Washington, D. C., April 27, 1954.

What Do You Think?

"Full Employment and Its Dangers" Discussed

Letters to Editor given below relative to paper contained in the "Chronicle" of April 8 wherein author, Dr. Carl Wiegand, Professor of Economics at the University of Mississippi, after thoroughly analyzing the dangers in implementing the full employment philosophy of government inherent in the "Employment Act of 1946," contended that the advocates of the statute "did not see—and do not see today—that 'full employment' at any price might be good politics for a short time, but may also turn America into a regimented society, and seriously weaken our economic system."

In a paper carried on the cover page of the "Chronicle" of April 8, captioned "Full Employment and Its Dangers," Dr. Carl Wiegand, Professor of Economics at the University of Mississippi, made a vital contribution, in our view, to a subject that had previously been the basis of considerable correspondence from our readers—namely, the economic implications and consequences of the full employment philosophy of government stemming from the "Employment Act of 1946." Because of the interest evinced in the subject, the "Chronicle" decided to open up its columns to any one who elected to express his views on Dr. Wiegand's paper in particular, or on any related phases of the full employment doctrine. In this regard, we are

Dr. Carl Wiegand

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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 37.

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

ELDON A. GRIMM
General Partner, Walston & Co., New York City
Members of New York Stock Exchange

Pabco Products, Inc.

When you travel back and forth across these United States, you can be sure of one thing. You can be absolutely certain that the Pacific Coast area, now growing faster than a California mushroom in a spring rain, will enjoy a further huge gain in population over the years to come. Out on the West Coast, you are amazed by the new homes around the Los Angeles area—as far as the eye can see, stretched out in all directions — square mile after square mile of them. You also see the building boom around San Francisco, Seattle, San Diego, Portland, Fresno and dozens of other centers. You see the great new highways and freeways, the giant new super-markets, shopping centers, factories, schools, and also the vast expansion of utility systems, airports, etc. You know that the West Coast is an area of destiny. It is "going places."


Eldon A. Grimm

So you say to yourself, "I want to invest in the West Coast. I want to find a lower-priced stock which has a good chance to grow in value over the next few years."

One of my top choices for growing with the West is the common stock of Pabco Products which sells at about $17 a share on the New York Stock Exchange and San Francisco Stock Exchange. Pabco is one of the industrial giants of the Pacific Coast. It was formerly known as "The Paraffine Companies" and I am proud to say that the first report I ever wrote on a stock in my life was on "Paraffine" back in 1929 at the fine old San Francisco Stock Exchange Institute School.

Over the years, Pabco has held a top reputation as the largest maker of building materials and linoleum-type floor coverings west of the Rocky Mountains. Its products are of splendid quality and the Pabco trademark enjoys a most excellent name. And in partnership with Crown Zellerbach, Pabco owns over 50% of another West Coast industrial giant, Fibreboard Products, a big earner in the paperboard and container field.

Pabco stock sold as high as $30 a share in the 1946, 1937 and 1929 bull markets, after allowing for the 3-for-1 split which took place in 1948. I would think it highly possible that the stock might regain this $30 level at some future date, a price projection which would be some 76% above today's market quotation.

Pabco stock at 17 is still selling considerably below its peaks of previous bull markets for one main reason. Back in 1948, the company decided to expand its hard-surface floor covering business into the East and built a big linoleum plant at Raritan, New Jersey. This plant took much longer to build and cost quite a bit more money than originally planned on. It proved to be an expensive proposition to break into the Eastern linoleum market. However, today, this Eastern plant is doing much better and is no longer a liability to Pabco. It is really a very fine property and contains the best machinery. It turns out the best quality floor coverings. And, its production rate has been almost doubled. It's on the way to "good times," I believe.

Here are some brief reasons why I think Pabco stock could show considerable appreciation in price over a period of time.

(1) **Tops in Building Materials:** Out on the Pacific Coast, Pabco is the top name in building materials. These materials go into almost every type of construction, including homes, commercial buildings, factories, schools, public buildings, etc. Pabco is noted for its wide range of well-styled hard-surface floor coverings. Pabco's famous "California Originals" lead the linoleum market in design and color. It turns out other linoleums both in rolls and tiles, also rubber tile and felt base rugs. Pabco's complete line of paints is unsurpassed. And it is also well known for dozens of other building items such as asphalt roofing, shingles, building papers, gypsum wallboard and other gypsum products, asbestos-cement products, insulation materials, etc. Pabco is doing a wonderful job in the field of color, because today's building materials must feature a wide range of appealing colors.

(2) **Also Owns 56% of Giant Fibreboard Products:** Now here is the "high point" of this article. It is the "pot of gold at the end of the Pabco rainbow." It concerns, Fibreboard Products, a Pacific Coast industrial empire of which Pabco owns over half, or about a 56% interest. The remainder of Fibreboard is owned by Crown Zellerbach, whose common stock has had such a big rise over a period of years. Fibreboard is an extremely valuable growth company. Fibreboard makes paperboard and all sorts of containers such as fibre shipping cases, paper milk bottles, frozen food packages, and cartons for butter, ice cream, margarine, cereals, eggs and a long list of other foods. This type of business is in a steep growth trend, for there is a mighty expansion taking place in the paper products business, as you know.

Fibreboard, with its 12 West Coast plants, is a well-integrated operation, from logging operations in the state of Washington right down to the paper pail in which you buy your ice cream.

And here's another amazing fact about Fibreboard. Few people realize how big it really is. Here's a comparison. Pabco, itself, is a "big operation" with about $36 million of annual sales volume. But did you know that, on a basis of sales volume, Fibreboard Products is actually almost 2½ times as large as Pabco itself? Last year, Fibreboard had sales of $88 million. The reason you don't hear more about Fibreboard is that all of its common stock, and almost all of its preferred stock, is owned exclusively by Pabco or by Crown Zellerbach. Pabco owns three classes of Fibreboard's stock, including over 60% of the 7% preferred, almost 56% of the Class A Common and 50% of the Class B Common.

Fibreboard is such a fine company that it earned a net profit of $5,135,270 in the 1953 fiscal year and this was after paying out a "fat" $1,400,000 in excess profits tax. So, Fibreboard should benefit considerably from the recent death of this bad tax.

(3) **Big Income From Fibreboard:** Obviously, Fibreboard is a big source of income for Pabco. Indeed, right now Fibreboard is a much larger money maker than Pabco itself. For example, Pabco will probably report net profit for the fiscal year to end June, 1954, of somewhere in the neighborhood of $1.15 to $1.25 a share. This will be a gain over the 90 cents of the 1953 fiscal year. Of the $1.15 to $1.25 net projected for Pabco, between 45 cents and 55 cents will come from the building materials business. The remaining 70 cents, or over half of Pabco's per share profit, will come from dividends actually received from Fibreboard. But in addition to this, there will be substantial "hidden" earnings too, because Fibreboard earns much more than it pays out in dividends. In fact, Pabco's share of the undistributed profits of Fibreboard may amount to about $1.25 for each share of Pabco stock. Hence, the "true" earnings for Pabco stock, including its entire share of Fibreboard's profits, may run between $2.40 and $2.50 per share of Pabco.

(4) **Large "Hidden" Book Value:** Book value of Pabco stock now is stated at $21.50 a share, including $16.71 for the building materials business plus $4.79 per Pabco share for the original cost figure of its investment in Fibreboard. However, the value of the Fibreboard holding has grown tremendously over the years. Today this Fibreboard stock held by Pabco has a book value equivalent to about $17 per share of Pabco stock. Hence, the "true" book value of Pabco stock has risen to $16.71 for building materials plus $17.00 for Fibreboard, for a total "real" value of $33.71 per share of Pabco. Practically speaking, of course, Fibreboard stock is actually worth more than its mere book value because stocks in Fibreboard's group (the paper stocks) have had such a huge rise in price over the past year. If Fibreboard had a public market (which it doesn't have), it might be worth as much as $22 per share on Pabco stock.

(5) **You Get the Big Building Materials Business "Free":** In view of the substantial "hidden" book values revealed above, there are three ways to figure that Pabco stock at $17 is a long-term "bargain." First, you are buying assets at about 50 cents on the dollar. Second, you are merely paying for the asset value of the Fibreboard holdings, and are getting the huge building materials business **free!** Or, third, at $17 for Pabco you are buying the building materials business and getting the enormously valuable Fibreboard holdings **free!**

(6) **Pabco's Top Management Team:** We all know what a big moneymaker U. S. Gypsum has been over the years (U. S. Gypsum stock is quoted at about $138). Well, in August, 1952, Pabco elected as its President, Mr. William M. Keady, who was with U. S. Gypsum for about 25 years. Mr. Keady worked up through the ranks at U. S. Gypsum, and became its President for several years. He did a marvelous job for that company in both manufac-

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Improving the Tax Laws

By HON. RICHARD M. SIMPSON*
U. S. Congressman from Pennsylvania

Stressing economy in government spending as the most permanent and effective way to bring about tax reduction, House Ways and Means Committee member points out unless we cut taxes, risk capital won't be available. Cites law of diminishing returns as means of increasing revenues by reducing tax rates. Says Tax Revision Bill of 1954 is a good measure and will help American business, despite some defects. Praises proposed tax relief on investments abroad.

In the final analysis, we must have economy in spending if we are to effectively and permanently bring about tax reduction, which we all want and which we believe vital and necessary to the nation's welfare.


Richard M. Simpson

In fact, in the Ways and Means Committee, where I have the honor to serve, there is in the mind of each of us, of both political parties, a realization that there is considerable truth to what Mr. Daniel Reed, our distinguished Chairman, has for years emphasized, namely, that a way to improve our economy, to provide more jobs, to provide better jobs, to do a bigger volume of business, to provide equity capital, is to reduce taxes, to make it more attractive for the prospective investor to put his dollars in risk areas of our economy, so that if and when that risk materializes into a going new business there will be hundreds of jobs provided by those dollars invested in that risk area.

And, of course, Mr. Reed will tell you, as he has told the Committee many times and as he has told the American people, that unless we cut taxes, that risk capital won't be available. And so, as he has pointed out repeatedly, and as you have learned by examining the early 1920's, under conditions existing then, tax cuts were made, and allegedly the Treasury take did increase in the face of reduced rates. That is said to be a fact which is not properly controverted, and which, if true then, would today be true under similar circumstances, and which to some extent is true today.

At all events, that factor is a motivating factor in the Ways and Means Committee as we do consider tax problems. And I am one of those who subscribe in general to the belief — it is one of the things I have learned in school, and I think you have all heard about it, though we have difficulty in explaining it—that to the point where the so-called law of diminishing returns applies, by reducing taxes, you increase rather than decrease the Federal take. It sounds good, and I am willing to give it another chance.

We have in our work this year carried that into effect. And while I recognize that downtown there isn't 100% acceptance in every respect of that which the Committee and the Congress has done, there has been no emphatic disregard or denial that it would work. And so certain reductions that have occurred within the past month or so in the excise tax area are based on that premise, that at this time and in these circumstances by reducing tax rates we have a chance of increasing Federal tax intake.

It is pointed out that perhaps we may not pick up additional money by reducing the tax rate on fur coats by reason of selling more fur coats, but perchance we will take more money from the people who presently have been manufacturing coats, because they may be able to make a profit in the future.

Lower Rates Will Sparkplug the Economy

And so, at least that being one of the factors in the minds of a lot of us as we optimistically look toward the future and hope to maintain the necessary intake level, even though we do reduce rates, I say that is a factor which the Committee is willing to gamble upon, and which we thus far have not had too serious objections to on the part of the Treasury. We hope it will work. And I suggest that within the next year or two years, as we, upon a firm foundation now being laid, do present the American people with a tax reduction bill, as distinguished from these we have had thus far, including the one about which I am to talk after a bit, namely, the revision bill of 1954—when we come to that time when we truly have a tax reduction bill, based upon the firm foundation we are laying today, I think the American economy will be sparkplugged, will receive a shot in the arm, which will invigorate us again, and upon a sound basis permit us to advance, paying our bills as we go, under the plans of the present Administration.

I probably should at this point do one of two things.

The first one is political. I have to say to the group in front of me that from my Congressional District, the 18th, in Pennsylvania, there are some most distinguished gentlemen here. They are, as you know, of the Chamber of Commerce. They come from communities in that part of Pennsylvania where, to my definite knowledge, the program of the Chamber has been carried out not in words but

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*An address by Congressman Simpson at the Finance Luncheon of the 42nd Annual Meeting of the Chamber of Commerce of the United States, Washington, D. C., April 27, 1954.

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The Port of New York Authority—Its Past, Present and Future

By HOWARD S. CULLMAN*

Chairman, The Port of New York Authority

Mr. Cullman reviews history and progress of the Port of New York Authority, established over 27 years ago. Says the best methods and procedures of modern private business corporations are applied in the Port Authority's administration. Describes airport developments undertaken by the Port Authority, and its operation of Port Newark and the Hoboken piers. Reveals joint traffic studies being made and reports the inadvisability of the Port Authority's undertaking a New York-New Jersey rapid transit system. Reveals 44 bond issues, aggregating $830 million, have already been sold by the bi-State agency.

After my appointment to the Board of Commissioners in 1927, I soon discovered that the Port Authority had been created in 1921 by Compact between the States of New York and New Jersey with the consent of Congress. The States agreed, in the words of the Compact, that "a better coordination of the terminal, transportation and other facilities in, about and through the Port of New York would result in great economies." And further that "the future development of such terminal, transportation and other facilities of commerce would require the expenditure of large sums of money and the cordial cooperation of the States of New York and New Jersey in the encouragement of the investment of capital." It stated also that this could best be accomplished through the cooperation of the two States by and through a joint or common agency.

Howard S. Cullman

This agency was The Port of New York Authority which consisted of six non-salaried Commissioners, three from each State, the number being increased later to six from each State. Established as a self-supporting agency, with no power to levy taxes and no right to pledge the credit of either State, the Authority was directed to finance and support a comprehensive plan of port development out of its own revenues and by the sale of bonds secured solely by these revenues.

In 1927 the Port Authority had 243 employees. It had no revenue producing facilities, and its only annual income was the $100,000 appropriated to it by each State. The organization had undertaken the construction of three Staten Island Bridges and the George Washington Bridge, for which it had sold $34,000,000 in serial bonds and borrowed about $18,000,000 from the two States. It had established itself as the clearing house for information on the Port of New York and had begun to assert its role as a watchdog to fight transportation rates and practices that discriminated against the Port.

*An address by Mr. Cullman before the Bond Club of New York, New York City, April 29, 1954.

What the Port Authority Is Today

Compare this modest organization with the Port Authority of 27 years later. In 1954 the Port Authority has 3,800 employees. It has financed and built, purchased or leased some 17 port, terminal and transportation facilities in accordance with, and as authorized by directives of the Legislatures of the two States. These facilities represent a Port Authority investment to date of over $480,000,000, much of it at dollar values of 10, 15 and 20 years ago. The replacement value of these facilities is almost one billion dollars. Our capital budget over the next 10 years for necessary new port improvements and further development of existing facilities amounts to an additional $500,000,000. Our completed program has involved the marketing of over $830,000,000 of Port Authority securities of which about $262,000,000 are outstanding.

Present facilities include the three Staten Island Bridges joining that section of New York with the New Jersey mainland; the George Washington Bridge; the Holland and Lincoln Tunnels; the four metropolitan airports, New York International, La Guardia, Newark and Teterboro; a railroad freight terminal in Manhattan, over which is built the Port Authority Building; the world's two largest Union Motor Truck Terminals; the New Bus Terminal in the Times Square area; a Grain Terminal and piers in Brooklyn; Port Newark; and the Hoboken waterfront, which is our newest facility.

Under the direction of the Port Compact to also promote and develop the port's commerce, we are spending about $500,000 annually to do this job of "selling" the port. It is a promotional effort which is critically important to everyone who does business or holds a job in this area, the gateway to America, where one of every 10 employed persons draws his income from the business of the port. We represent the Port of New York before such regulatory bodies as the Interstate Commerce Commission, the Civil Aeronautics Board and the Federal Maritime Board. To encourage the movement of commerce via New York, we maintain branch offices in Chicago, Washington, Cleveland and Rio de Janeiro, Brazil.

Through the years we have applied the best methods and procedures of modern private business corporations to Port Authority administration. The acid test to measure the effectiveness of our management should be our financial record. This is the test that will determine whether investors will lend us money to accomplish future public programs as directed by the two States. In 1927, we had no income except that which the States appropriated for us. Contrast this with 1953 when our gross revenues amounted to $59,000,000.

There are other rigid tests of our management which we must also meet regularly and repeatedly. Consider that the Governors, with Senate confirmation, appoint our Commissioners and that there is a procedure in each state for removal of Commissioners; that all major actions of the Board of Commissioners are recorded in official minutes which are sent to each Governor, who, in turn, may veto an action taken by a Commissioner from his state; that in connection with practically every major Port Authority project additional legislation has been required in both states; and that the Port Authority books are subject to examination by the Comptroller of the State of New York and the Director of the Division of Budgets and Accounts of the State of New Jersey. The Board, also, as a matter of policy, has made intensive use of the devices of private industry to give us an independent check of our virtue, our efficiency and our economy. For instance, an independent audit of the Port Authority's books is made every year by a nationally known firm of outside auditors, such as Ernst and Ernst or Price Waterhouse & Company. We hire an insurance expert to audit our entire insurance program. In 1952 we engaged McKinsey & Associates, management consultants, to make a searching study of improvements in our organization structure. An Engineering Board composed of consultants who are outstanding in their profession continuously analyzes our basic engineering problems. Other consultants, too numerous to mention in the brief time of this speech, are used to study and check other aspects of our operations.

These sharp contrasts which emphasize our growth between 1927 and 1954 tend to obscure the significance of our work in 1927. These were the days of laying a solid foundation. The men who worked the Port Authority during those pioneer days builded better than they knew. They fashioned the first authority in the United States. They were trail blazers in bi-state and regional planning and action. They invented the revenue bond as we know it today. They initiated our basic plans of port development. Continuity between then and now can be clearly demonstrated in the following discussion of airports, marine terminals, vehicular facilities and rapid transit.

After Lindbergh's dramatic crossing of the Atlantic, I visited Croydon and Le Bourget Airdromes in London and Paris as the official representative of Governor Smith who at that date perceived that the new-fangled flying machine was here to stay. Our 1927 Annual Report said that "an airport is primarily a terminal facility for aircraft, and as such the Port Authority is interested in having the best facilities possible."

Prior to 1947, the cities had reduced airport rates down to a give-away level and were losing their shirts as they competed and battled, with encouragement from the airlines, for what they thought was advantage in the air age. Rents at La Guardia Airport were sliced to as low as 12 cents per square foot for hangar space with the City agreeing also to their maintenance!

Airport Developments

In 1947 and 1948 the two States authorized the Port Authority to accept responsibility for financing, development and operation of the metropolitan airports under agreements executed with the City of New York and the City of Newark. At that time, the operating deficits of the airports were draining the financial resources of the two cities. In addition, proper development of the airports required tremendous sums of money which could only be obtained by diverting funds from badly needed hospitals, schools, housing, etc. Consulting engineers had advised the City of Newark that it would benefit by entrusting its airport to an independent agency which could employ aggressive management policies which were impossible for the typical city department to apply. The same consultants pointed out that all airports in the New York metropolitan area should be integrated under one agency.

We knew that charges paid by the airlines would never support the capital and operating costs of the airports, but we believed that revenue from other than airline or similar aeronautical sources, such as rent for terminal stores and industrial developments on peripheral areas, could make a substantial contribution to their support. We were convinced that aggressive and imaginative promotion of such non-airline revenues could convert the airport into a break-even operation. Today these facilities are moving steadily along the long road toward that goal. In 1953 gross revenues from the airports amounted to about $9,500,000 or 20.4% over those of 1952. The net operating deficit after interest charges in 1953 was $451,000, as compared with a 1952 deficit of $1,233,000. After fixed charges, however, the overall airport deficit is approximately $2,000,000.

After spending $100,000,000 on the airports of the metropolitan area, we have nearly completed the basic development phase at Newark and New York International Airports of providing runways, public roads, utilities and the like long before their full utilization can be expected. We propose to invest another $175,000,000 for hangars, terminals and other buildings which will not only pay for themselves but return excess earnings to reduce current airport losses and ultimately to help put the oepration into the black.

A new and very fundamental problem in the history of aviation was ushered in by the tragic accidents in Elizabeth, in Jamaica and the temporary closing of Newark Airport. This problem is the relationship of the airport and its neighbors. And it is not too much to say that the challenge here is as fundamental, as far-reaching and as portentous as the challenge of flight itself.

If aviation is to fulfill its mission of bringing people closer together in space and time, it will have to serve them from airports which are within a reasonable distance of their businesses and homes, and not 50 to 100 miles out in the country. It will have to do this and, at the same time protect the natural right of people near the airports to live in peace free from unreasonable nuisance—let us say, nuisance no greater than that which all of us city dwellers must accommodate and adjust ourselves to.

Airport operators, airlines, aircraft manufacturers and Federal aviation agencies are all trying to solve this difficult social and political problem by keeping planes away from the more congested areas; by transferring training flights to other locations; and by building new runways to facilitate landings and takeoffs over the least populated area.

We know that future transport planes, be they jet propelled or otherwise, must be so designed that they can fly in and out of congested metropolitan areas with no more noise or other disturbance than is reasonably tolerable to the communities surrounding the airports. We all believe that such standards and specifications are attainable and must be attained.

Terminal Airports Will Be Kept Safe

We pledge that these terminal airports will be kept safe. We have the same confidence in the future of the airports of this, the greatest of all the world's air traffic centers, that we have in the future of aviation itself. We are fascinated that the men who planned the Port Authority in 1921 lifted their faces to the future and directed the new agency to prepare for the handling of aircraft. How accurately they read the crystal ball is demonstrated by the fact that the airports of this area handled $8\frac{1}{4}$ million air passengers during 1953 and more overseas passengers were carried by aircraft than were carried by all of the ten thousand ships that enter or leave New York harbor each year.

Another activity of 1927 was outlined in a section of the Annual Report which said:

"An exhaustive investigation of the possibilities of a marine terminal at Perth Amboy was made at the request of the municipal authorities of that city. The staff has cooperated with representatives of Newark, Jersey City, Yonkers, Elizabeth and Long Island City, with respect to local marine terminals or channel improvement projects."

In 1927 we only studied marine terminals. Such studies ultimately led us into operation. Now in 1954, Port Authority wharves, piers and transit sheds at Port Newark, the Hoboken-Port Authority Piers and the Grain Terminal in Brooklyn constitute 15% of the Port's first-class covered steamship berths. In the postwar period, the Port Authority has been responsible for 60% of total

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The State of Trade and Industry

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

No change in the pace of overall industrial output for the nation-at-large was evident in the period ended on Wednesday of last week. Production, while it remained essentially the same as the week before, continued about 10% below the level of a year ago.

Improvement was noted in the employment situation and this better tone was attributed to expansion in lumbering and food processing. The bulk of new unemployment resulted from declines in textiles, the needle trades and the manufacture of automobiles.

Total claims for unemployment compensation decreased during the week. Continued claims were even with the preceding week, while initial claims were 17% lower.

In the period ended April 17, new claims for unemployment compensation, after moving up for two weeks, declined, a spot check in 12 key states indicated. New claims filed in these states amounted to 218,000, down from 257,000 in the preceding week and 228,000 in the week before that. The 12-state total, however, was still well above the corresponding 1953 week, when only 139,000 new claims were filed, it was reported.

Living costs, states the Bureau of Labor Statistics, eased 0.2% between Feb. 15 and March 15 and further relief is expected. The Bureau's consumer price index dipped to 114.8% of the 1947-49 average. This was 0.5% below the October, 1953, peak, but 1.1% higher than a year ago. Bureau officials said reductions in excise taxes and in the support price of butter, which became effective April 1, will be reflected in later figures.

Although steel production in the first quarter of 1954 was 23% less than first quarter of 1953, the industry's earnings declined only 12.9%, according to "The Iron Age," national metalworking weekly.

The steel profits picture is based on an "Iron Age" compilation of earnings statements of 23 companies accounting for more than 83% of the industry's ingot capacity. The 23 companies reported net profits totaling $123.6 million for the first quarter of 1954, compared with $142.0 million for the first quarter of 1953, a decline of $18.4 million.

On an individual basis financial statements of the 23 companies varied widely. Five of them actually earned more in first quarter this year than they did in the similar period last year. Three companies suffered net operating losses, it states.

Elimination of excess profits tax was a big factor in favorable first quarter earnings reports of some companies. In spite of lower sales volume this year profit margins of most firms held reasonably well and some actually increased, it points out.

The production rate of the industry during the first quarter of this year averaged 72.8% of rated capacity; the steel production index for the period was 108.1 (1947-49=100). By contrast, the first quarter of 1953 operations averaged 100.0% of rated capacity and production index for the period was 140.4, it notes.

The chances are steel earnings for the balance of 1954 will be fully as good as they were during the first quarter but much depends on these factors: (1) Overall economic activity; (2) international events, and (3) steel wage negotiations.

Domestic new car dealers pushed their daily rate of sales up 12% during the period April 11-20 over April 1-10 to continue one of the industry's liveliest selling sessions since World War II, declares "Ward's Automotive Reports."

It said April's second 10-days netted 158,000 new car sales —a nine-month high for the period—against 159,000 in April 1-10, but the daily rate climbed to near 20,000 from 18,000 because of the one less selling day available.

The current upturn, the statistical agency said, virtually assures a nine-month high of 510,000-plus new car sales for April, or more than 1,000,000 units for March and April combined. This total exceeds January-February by 30% and is only 6% below March-April last year.

New car inventories, it notes, have been checked but now lowered by the sales upsurge, contrasting with used car stocks which have been pared to a point paralleling a year ago and 9% under the all-time high of last Nov. 30.

"Ward's" said April 16 (Good Friday) marked the 1,500,000th

Continued on page 34

The Outlook for German Currency Convertibility

By A. WILFRED MAY

Mr. May reports Western Germany's aim toward full convertibility, stimulated by her beneficial experience in abrogating economic controls. Lists prerequisites, as non-dollar exports sufficient to pay for dollar area import excesses, and ability to convert into dollars its soft currency surpluses. Cites authoritative German view holding free operation of machinery of international credit transactions and interest arbitrage would ensure settlement of balance of payments without import restrictions.

BERLIN, Germany — Western Germany is aiming to secure full convertibility of currencies, because she realizes that it is only in conditions of full convertibility that the free economy of the Western world can be brought to a state of greatest efficiency. There appear to be three reasons why the demand for free exchanges is especially strong in Western Germany:

A. Wilfred May

(1) Western Germany depends importantly on an exchange of goods and services with the Western World on a basis of division of labor—much more, for instance, than does the U. S. A. It even does so more than the Germany of 1937, which included the areas now controlled by Soviet Russia and Poland, and used them as important sources of raw materials which Western Germany now has to procure through international exchange.

(2) Western Germany suffered more through actual experience with the unwisdom of many measures of economic control by authorities in the period from 1936 to 1948 than did Great Britain or France.

(3) Proof of the wholesome effect of a free market economy has been brought home to Western Germany more drastically in the period from 1948 to 1954 than to any other country in the world. Everybody in Western Germany compares the period before the currency reform and introduction of the free market economy with the period afterwards, and sees that only the unregimented play of the market made effective work possible. The public compares the planned economy of Eastern Germany with the market economy of Western Germany, and sees that only the market economy offers the prospect of obtaining a better real wage for better work, and promptly at that.

The Basic Implications

Free convertibility of currencies implies the following things to the Germans:

(1) A foreigner who sells to Western Germany must be able to buy in any other country with the proceeds of his export. This is called *"foreigner's convertibility."*

(2) A West German who sells abroad must be able with his export proceeds to buy what he needs in any other country without the procedure of applying for a permit and without quota restriction. This is known as *"real convertibility for residents."*

(3) West Germans must be able, when they wish, to employ their money at short or longer term in foreign banks or companies; and foreigners must similarly be able to invest in Germany. This may be called *"full freedom of international credit and capital transactions."*

Foreigner's Convertibility

With the establishment of "Foreigners' DM Accounts," which is about to take place shortly, a part of point (1) above will be realized. Only in part, however, because in so far as "Foreigners' DM Accounts" arise through people in soft currency countries exporting to Germany, they will for the present only be able to use such accounts to buy in some other soft currency country.

Traders in the U. S. A., for instance, will not sell against payment in sterling. They want dollars, Swiss francs or gold. But the West German who sells to a soft currency country receives only soft currency. He can thus not buy anything with it in U. S. A. Nor can he buy dollars at will with the soft currency (sterling or the like), because the Central Banks of the soft currency countries provide dollars only for certain approved imports, and dollars are not made freely available for payment purposes.

Real Convertibility for Residents

A part of point (2) has already been realized through the announcement of a "Dollar Free List" comprising about 30% of all goods passing in trade. Anybody can buy the goods in this list from the dollar area in any quantity he likes without restriction. Of course, this also is for the present only a partial solution, because there continue to be import quotas for the goods not on the list.

The Timing

A current stock answer to inquiries for a forecast of the time of convertibility, is "five minutes after the British!" But this may be bland oversimplification.

Actually, why do they not take the plunge into full convertibility now?

If there were free dealings, Western Germany would probably buy more in the present dollar countries than it can sell to them. Therefore Western Germany must:

(1) Export to non-dollar countries so much that, with the proceeds, it can pay for its excesses of imports from the dollar area;

(2) Be able to convert into dollars the soft currency proceeds of its exports to non-dollar countries.

If they now simply allowed a free market in DM against dollars, there would very soon arise an excess demand for dollars which would endanger the rate for the DM, because dollars would not be demanded only by West German importers. Frenchmen, Italians and others would obtain them through the European Payments Union so as to be able in this way to convert their own currencies freely into dollars.

Suppose however that Western Germany blocked that course for the foreigners; that is to say that even within E.P.U. Western Germany supplied German currency only against dollars or gold, and no longer directly against French francs, sterling or Italian lire. Then Western Germany would be a "hard currency area" for those countries just as much as the United States is. Those countries however are worried at the prospect of losing their hard currency reserves, and so being obliged to raise the price of dollar currency or devalue their own. They would therefore forbid their importers to buy too much in Western Germany for hard currency. They would in fact put the brake on Western Germany's exports to them. Thus Western Germany could no longer export to those countries as much as it would have to export in order to be able, out of the surpluses, to pay for its excess of imports from the dollar area.

All this however applies only so long as Western Germany is in fact unable to sell to dollar countries as much as it would like to buy there. If, for instance, the United States lowered the high protective tariffs by which they wall themselves off against buying orders from European countries, this whole set of problems would cease to exist.

And there still exist a number of potentially bearish factors, some of which we enumerated in previous articles. In addition, there is the very large budgetary item entailed in the Eastern refugees' arrival in Western Germany; their number exceeding 10 million, and their expenses

Continued on page 42

Leading Companies in Lead

By IRA U. COBLEIGH
Enterprise Economist

A two-way look at this heavy mineral—from the mining and extraction to application and use via the top units, St. Joseph Lead Co. and National Lead Company.

Lead is one of the very oldest, and among the most useful, of our metallic elements. It was known to our tribal forebears 3,000 years ago, and given honorable mention in the Old Testament. We think of it as a soft, highly malleable metal, native to fishing lines (sinkers), paint (white lead) and pipes, giving rise to that classic phrase a "lead pipe cinch."


Ira U. Cobleigh

Lead is also slang for bullets, and the "dum dum" ammunition, outlawed in World War I, was composed heavily of lead, which flattened and spread out when it reached its target.

Well, enough of this documentary on the history and use of this ancient and weighty metal —let's see where it fits into our 20th Century industrial society, and perceive its usefulness as a field of investment for the informed and dividend-conscious investor.

St. Joseph Lead Co.

Lead, like most other minerals, begins in the mine, and the biggest mines in the U. S. are owned and run by St. Joseph Lead Co. At Lead Belt, in S. E. Missouri, St. Joseph mills about 27,000 tons of lead ore per day (1953); and a new Indian Creek mill should, by virtue of a $6 million investment, run through an additional 2,000 tons a day by the end of this year.

Outside of the U. S., St. Joseph has a New Brunswick, Canada subsidiary, Lead Ridge Mining Co. Ltd., with an ore body of great promise. It also has 17½% interest in Nord Africaine du Plomb (plumbum is the Latin word for lead) and it has an Argentine subsidiary, Compania Minera Aquillar, S. A., which, due to exchange restrictions, has been written down on the balance sheet to $1, a king size understatement of asset value and earning power.

A special reason for discussing lead is that its price dipped drastically from a high of 18 cents a pound in 1951 to a low of 11½ cents last year. Although St. Joseph ranks as perhaps the lowest cost producer, and can show a profit even on 12 cent lead, it could not prevent an important per share earnings slippage from $5 in 1951, to $2.32 last year. But there is now good reason to think a turn-about may be in the offing, and if you'll pardon an anomaly in physics, lead may start to rise.

Demand Stimulants

First there is no heavy overstock among consumers due to months of hand to mouth buying; and should the much talked of government stockpiling of lead and zinc be resumed, there might develop quite a scurry to buy. Further, about 40% of lead used is imported and if the tariff on this foreign metal be raised (this has been recommended to Congress) St. Joseph and other domestic producers would benefit significantly. Also important to the fortunes of St. Joseph would be an increase in the zinc tariff, since some 60% comes from abroad. St. Joseph produced 99,000 tons of zinc last year.

About one-third of lead produced is smelted by St. Joseph; the balance under contract by American Smelting & Refining Co. For zinc, there's a smelter at Josephtown, Pa. which can turn out 108,000 tons a year.

Let's switch to the financial side. There's no complicated capitalization here — just 2,716,222 common shares listed NYSE and selling today at 37 with an indicated $2.00 dividend. Dividend policy has been to pay out about 75% of net, on the average, but last year the dividend, $2.75, was actually more than was earned ($2.32). Balance sheet would get an approving nod from Dun & Bradstreet what with working capital of $24½ million at the 1953 year end, 60% of it in cash and governments.

Oil Investments

A couple of extra attractions in this picture are an oil venture, joint with Continental Oil, and a not to be sneezed at holding of 195,000 shares of New Jersey Zinc, worth $7½ million at today's price, and a stock which itself has recently been getting "buy" signals from some of the investment services. They don't seem to expect zinc to sink!

Altogether, if you want to lodge funds in a sound mining enterprise at this time, there is much to suggest that St. Joseph with a dividend record going back to 1934 is pretty sturdy; and a possible hop in the prices of lead and zinc could conceivably be translated into a more exalted share price, and a fatter cash dividend in 1954.

National Lead Co.

While we're on the subject, another eminent name in lead comes to mind, National Lead Company, in business for 62 years, and a continuous dividend payer on the common since 1906. Here the name is somewhat misleading, as only a little lead is mined, and most of it bought; but LT is the largest manufacturer of items where lead is the basic ingredient. Most famous, perhaps, are its paints ("Dutch Boy" brand) and paints and pigment account for some 40% of gross.

National Lead is a pretty diverse corporation. In 1953 it acquired Doehler-Jarvis Corp. which die-casts all sorts of metal products for automotive and household appliance use; and about 20% of gross currently stems from this division. LT also turns out bearings for railway cars and diesel engines; muds for oil well drilling (I've got a couple of Canadian oil shares that are all mud!). This mud sounds uninteresting enough but it serves an important function in drilling by keeping the bit cool, and controlling underground pressures. National Lead is the largest supplier of these muds, which, plus engineering services, account for some 10% of LT gross.

Titanium Division

Something should also be said about titanium, where in LT is becoming a major factor. Starting in originally with titanium pigments in paints, National Lead now has a Titanium division for applying these pigments to whiten paper and opacify it (whatever than means!); it's also used in ceramics for electrical insulation and acid resistance. This titanium is quite a metal with the greatest strength-to-weight ratio of all standard structural materials. LT has important reserves of the ilmenite ore, from which titanium is derived, at Tahawus in the Adirondacks; in Norway, and it has rutile ore lands in Australia.

The government is placing high priority on the production of titanium metal and National Lead, in partnership with Allegheny Ludlum Steel, is the nation's largest producer in a plant at Henderson, Nevada. Since the stuff is worth around $27,000 a ton, you can see a lot of mass production must occur before you'll be driving a titanium bodied sedan. This titanium deal, and LT affiliate, Titanium Metals Inc., do offer some dramatic long term possibilities for addition to earning power.

Rubarite, Inc.

For extra values in National Lead, there's a new affiliate, Rubarite, Inc., delivering synthetic rubber powders for road construction. There's also a cobalt mine in Missouri, a nickel mine in Cuba; and the company is processing castor oil for paint (instead of pains).

Quite a company, this National Lead, growing, well managed, well financed. A peek at its 1953 report is a turkey dinner for stockholders, present and prospective. Sales were $436 million, an all time high and up a dramatic 22% over 1952. Net income was $30,800,000, up 34% over 1952, and 7.1 cents out of every sales dollar oozed through into the net column. Investment in affiliates, which cost the company $9,275,000, was worth $23.8 million at the 1953 year end.

Plant account stood at $203.5 million, double the 1943 figure; and current assets towered over current liabilities by almost $92 millions. Quite a balance sheet.

You have three ways to become a National Lead stockholder; there's a top drawer $7 "A" preferred that sells around 176 to yield 4%, a $6 "B" preferred around 147 yielding around 4.1% and the common at 46¼ which paid $1.75 last year out of $2.85. These are all quality items.

Any way you look at it, National Lead is a forward looking enterprise placing today great stress on research, as it has done since it started out 62 years ago. It's an industrial that looks like a chemical; and it has looked mighty good to its shareholders, down through the years.

Today's footnotes on metals do not indicate any particular leaden skies hanging over the horizons of the two organizations, we've briefed. Fact is these leading companies in lead would upgrade a great many investor lists; and since we're in a market where the elite investments are also the most sensatioal speculative performers, mayhap these equities may make some appeal to those drawing a bead on capital gains.

Greenwald to Admit Patterson & Becker

On May 7, William J. Patterson will become a general partner and Morris S. Becker a limited partner in Greenwald & Co., 61 Broadway, New York City, members of the New York Stock Exchange. Mr. Patterson was formerly comptroller for Zuckerman, Smith & Co.

Rogers Ray, Sr.

Rogers Ray, Sr., Rauscher, Pierce & Co., Dallas, Texas, passed away. Mr. Ray, who had been in the investment business in Dallas for 32 years, was Senior Vice-President of Rauscher, Pierce & Co. Mr. Ray was a member of the Dallas Bond Club, the Texas Group of the Investment Bankers Association of America, the Dallas Athletic Club, and the "Bonehead" Club.

Joins Robert Buell

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—Richard P. Eadie is now with Robert C. Buell and Company, 36 Pearl Street.

Continued from first page

"Full Employment and Its Dangers" Discussed

privileged to present today some of the communications already in hand and will be happy to make provision for others in subsequent issues. —EDITOR.

PHILIP SPORN
President, American Gas & Electric Service Corp.

I believe it is an excellent idea to discuss the consequences of the application of the provisions of the Employment Act of 1946, which was discussed by Dr. Carl Wiegand in his article in the "Chronicle" of April 8.


Philip Sporn

It seems to me that the end sought, full employment, full annual income, is sound and is a desirable objective in any well functioning social-economic system. Full employment literally adopted as the only means to that end is something entirely different. There are a good many reasons for this and Professor Wiegand and his excellent discussion points out a number of them, perhaps the most significant of which is that, if we are going to regulate our economy for full employment, it is important that we know when we trend from or to, and when we have, full employment. But when our basis of measurement of trends and developments that will lead toward or away from full employment is as crude as it is today, the determination to regulate needs to be approached with a restraint and humility that unfortunately are not appreciated by all who want results and want them quickly.

But that we need to feel our way on mechanisms and procedures in our economic system that will keep swings of unemployment down to a minimum and with a minimum amplitude, I have no doubt. So far our troubles have been caused almost as much by what we have done as by what we have failed to do. I hope we will benefit from this experience, and from the discussions you have initiated.

C. P. CONRAD
Chairman, Iowa-Illinois Gas & Electric Co.

With reference to Dr. Carl Wiegand's article, I believe that the present Administration is putting a reasonable interpretation on the "Employment Act of 1946," by taking no direct government action in the face of unemployment totaling approximately 6%. I believe that experience shows that inflation can be controlled with unemployment of between 4% and 6%. There is therefore no necessity for allowing unemployment to go any higher.


C. P. Conrad

Business has a responsibility for taking protective action to prevent the recurrence of such severe depressions as that of the '30s. I believe that the measures indicated by the Committee for Economic Development in their Statement on National Policy issued in March, 1954, by the Research and Policy Committee are advisable. The highlights of these recommendations are that business should develop new products through research, should improve marketing methods, strengthen sales organizations, follow a stable inventory policy, budget plant and equipment expenditures based on a long-range view.

There is no doubt in my mind that government must consciously act to maintain employment. This action includes creating a favorable climate for the development of jobs by business.

HON. GEORGE H. BENDER
U. S. Congressman from Ohio

Relative to Dr. Wiegand's article, in my judgment, the goal of full employment is an absolute imperative in our economy. Any system which settles for less than this objective will be inacceptable to the people of our country.


George H. Bender

I shall not be content with anything less in my own approach to employment.

H. FREDERICK HAGEMANN, JR.
President, Rockland-Atlas National Bank of Boston

Regarding the article by Dr. Carl Wiegand, "Full Employment and Its Dangers," I wish to emphasize that, in my opinion, the Employment Act of 1946 ought to be repealed or its language modified to the extent that all agencies of the government, including the Federal Reserve Board, do not feel that they are charged with trying to maintain full employment at all times regardless of what it does to the rest of the economy.


H. F. Hagemann, Jr.

The statement has been made that, if you have "Full Employment" on one side of a coin, that the other side of the coin is bound to have "Inflation" on it; the two go hand in hand, for with full employment the only way one employer can get additional labor is to out-bid another employer, who, in turn, has to replace the workers. This process of competing and out-bidding results in a spiraling of wages and a spiraling of costs.

Inflation, in the long run, means mass unemployment and mass misery, as prices get out of hand; and it is impossible to plan projects that take a long period of time to complete, due to the impossibility of forecasting costs. Then, those people employed in the heavy industries swing over and compete for jobs with those in the consumer industries and wages not only stop rising, to compensate for higher prices, but also, in serious inflations, have been known to fall.

A good employment act, looking to the long-range good and general welfare of the workers, would stress the long-range benefits of sound money and balanced budgets. A good law covering employment would not stress full employment at the expense of inflation, or full employment at the expense of abandoning age-old proven principles of economics. Too many "elder statesmen" today adopt the slogan, whether they will admit it or not—"Play it for the short pull—in the long run we'll all be dead."

You certainly should be commended for bringing up this subject. An open discussion of it, so that the true economic facts can be revealed, is bound to be helpful.

HON. HERMAN E. TALMADGE
Governor, State of Georgia

I found Dr. Wiegand's paper on the employment situation most interesting reading.

Gov. H. E. Talmadge

My own view is that the economic ills of this country can be cured by the adoption of a realistic Federal budget and the creating of substantial tax relief to both individual citizens and businesses.

GEORGE V. CHRISTIE
Vice-President, First National Bank of Arizona, Phoenix, Ariz.

May I say for our President, Hugh C. Gruwell, that Dr. Carl Wiegand's paper entitled "Full Employment and Its Dangers" is received with more than passing interest.

George V. Christie

I am inclined to agree with the many who have expressed themselves to the "Chronicle" in negative terms concerning the government's theory of full employment. We witnessed a titanic effort by the Federal Government to spend us out of the depression in the early '30s and we know that ultimately consumer demand began to change the scales in favor of the economy. We cannot, however, ignore the fact that out of public works spending comes much of permanent value to the people of the United States.

Among such would be included the TVA, which is so magnificent in the scope of its conception and its operation. There would be the great Hoover Dam and other of the Far West watersheds controls which have also brought the benefit of low cost power to thousands and thousands of communities.

What I am trying to say is that not everything is all bad any more than it is all good and despite the obvious benefits of these items I have mentioned and others, I have no difficulty in agreeing with your readers who disagree with Lord Keynes and his theory of spending ourselves into prosperity.

Dealer-Broker Investment Recommendations & Literature

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

Automation—And a list of common stocks that should benefit from it—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y. Also available is a report on **Newmont Mining.**

Commercial Bank Stocks—Analysis of 33 issues—First Boston Corporation, 100 Broadway, New York 5, N. Y. Also available is a brochure of data on 11 selected **Life Insurance Company Stocks** and an analysis of **New York City Bank Stocks** as of March 31, 1954.

Electric Utility Industry—Analysis—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

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

New Treasury Financing—Bulletin—Aubrey G. Lanston & Co. Inc., 15 Broad Street, New York 5, N. Y.

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.

Philadelphia Bank Stocks — Analysis of 11 largest banks — Stroud & Company, Incorporated, 123 South Broad Street, Philadelphia 2, Pa.

Public Utility Common Stocks—Comparative figures—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.

Stocks for Appreciation — Review—Ralph E. Samuel & Co., 115 Broadway, New York 6, N. Y.

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Aluminum Co. of America—Memorandum—Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y. Also available is a memorandum on **Asbestos Corp., Ltd.**

American Marietta Company — Study — New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y. Also available is an analysis of **Central Indiana Gas.**

Atchison, Topeka & Santa Fe Railway Co.—Bulletin (No. 163) —Smith, Barney & Co., 14 Wall Street, New York 5, N. Y. Also available is a bulletin (No. 162) discussing the railroad labor force, and a memorandum on **Puget Sound Power & Light Co.**

Collins Radio Co.—Memorandum—Kidder, Peabody & Co., 11 Wall Street, New York 5, N. Y.

Columbia Gas System — Memorandum — Josephthal & Co., 120 Broadway, New York 5, N. Y.

Federation Bank & Trust Co.—Memorandum—Terry & Co., 44 Wall Street, New York 5, N. Y.

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

Fruehauf Trailer Co.—Bulletin—Oppenheimer & Co., 25 Broad Street, New York 4, N. Y.

Globe Union Inc.—Analysis in current issue of "Business and Financial Digest"—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis. In the same issue is an anlysis of **Lake Superior District Power Company.** Also available is an analysis of **Hamilton Manufacturing Company.**

Gulf Sulphur Corporation—Analysis—Peter Morgan & Co., 31 Nassau Street, New York 5, N. Y.

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

New England Lime Co.—Analysis—Dayton Haigney & Co., Inc. 75 Federal Street, Boston 10, Mass.

Omnibus Corp.—Review—Ira Haupt & Co., 111 Broadway, New York 4, N. Y.

Permian Basin Pipeline Company—Analysis—Glore, Forgan & Co., 135 South La Salle Street, Chicago 3, Ill.

Petroleum Service Incorporated—Analysis—Garrett and Company, Fidelity Union Life Building, Dallas 1, Tex.

Pittsburgh Steel Company—Analysis—Gartman, Rose & Co., 1 Wall Street, New York 5, N. Y.

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

Reeves Ely Laboratories, Inc.—Memorandum—Kneeland & Co., Board of Trade Building, Chicago 4, Ill.

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

Sinclair Oil—Bulletin—Peter P. McDermott & Co., 44 Wall St., New York 5, N. Y.

Texas Pacific Coal & Oil Company—Analysis—Bruns, Nordeman & Co., 60 Beaver Street, New York City.

United Gas Corp.—Analysis in current issue of "Gleanings"—Francis I. du Pont Co., 1 Wall Street, New York 5, N. Y. Also available is a list of **Lower Priced Stocks** and a discussion of the outlook for **Subscription Television.**

West Coast Telephone Company — Analysis — First California Company, 300 Montgomery Street, San Francisco 20, Calif.

NSTA Notes

SECURITY TRADERS ASSOCIATION OF NEW YORK

The Security Traders Association of New York, Inc. will hold its 18th Annual Reception and Dinner at the Waldorf Astoria Hotel, Manhattan, Friday evening, May 7.

George V. Hunt, McLaughlin, Reuss & Co., President, will preside. An estimated 1,400 members and guests will be present. Prominent among the guests expected are:

Hon. Clarence H. Adams, Hon. Paul R. Rowen, Commissioners United States Securities and Exchange Commission; Hon. Nathaniel L. Goldstein, Attorney General, State of New York; Hon. Bernard Tompkins, Senator, State of New York; Francis J. Purcell, Regional Director, Securities & Exchange Commission; Edward C. Gray, Executive Vice-President, New York Stock Exchange; John J. Mann, Chairman of the Board, American Stock Exchange; Philip J. Clark, President, National Security Traders Association, Inc.; T. Jerrold Bryce, President, Investment Bankers Association.

Also expected to attend are officers and members of about 31 affiliates of The National Security Traders Association, Inc. and financial writers of the New York Press and Trade Publications.

NSTA 1954 ADVERTISING COMMITTEE

Harold B. Smith, Pershing & Co., New York City, Chairman of the National Advertising Committee of the National Security Traders Association, Inc., announces the appointment of the following local affiliate Chairman to the 1954 Advertising Committee:

Alabama Security Dealers Association — Alonzo H. Lee, Sterne, Agee & Leach, First National Bank Bldg., Birmingham 3, Ala.

Arizona Association of Security Dealers—Randolph E. Soranson, Merrill Lynch, Pierce, Fenner & Beane, Bank of Douglas Bldg., Phoenix, Ariz.

Baltimore Security Traders Association—Howard L. Kellerman, Alex. Brown & Sons, 135 E. Baltimore Street, Baltimore 2, Md.

Bond Club of Chicago—Geo. B. Tarrey, McCormick & Co., 231 So. La Salle Street, Chicago 4, Ill.

Bond Club of Denver—Gerald P. Peters, Peters, Writer & Christensen, Inc., Equitable Bldg., Denver 2, Colo.

Bond Club of Louisville—J. Wesley Rutledge, Stein Bros. & Boyce, Starks Bldg., Louisville 2, Ky.

Bond Club of Syracuse—Pearne W. Billings, Cohu & Co., State Tower Bldg., Syracuse 2, N. Y.

Boston Securities Traders Association—James R. Duffy, Paine Webber, Jackson & Curtis, 24 Federal Street, Boston 10, Mass.

Cincinnati Stock & Bond Club—Edgar F. Guckenbager, 1307 Paxton, Cincinnati, Ohio.

Cleveland Security Traders Association—Fred A. Shorsher, Ball, Burge & Kraus, Union Commerce Bldg., Cleveland 14, Ohio.

Dallas Bond Club — Winton A. Jackson, First Southwest Co., Mercantile Bank Bldg., Dallas 1, Texas.

Florida Security Dealers Association—Robert J. Pierce, Chairman, Pierce, Carrison, Welburn, Barnett National Bank Bldg., Jacksonville, Fla.; Orin M. Phelps, Gordon Graves & Co., Pan American Bank Bldg., Miami, Fla.; Wilson C. Holt, Goodbody & Co., 506 Franklin Street, Tampa, Fla.

Georgia Security Dealers Association — Lex Jolley, Robinson-Humphrey Co., Rhodes-Haverty Bldg., Atlanta 1, Ga.

Investment Dealers Association of Houston—J. R. Phillips, Jr., J. R. Phillips Investing Co., 809 State National Bldg., Houston 2, Texas.

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COMING EVENTS

In Investment Field

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 at the Somerset Hotel.

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

May 14, 1954 (Pittsburgh, Pa.)
Bond Club of Pittsburgh outing at Rolling Rock Country Club, Ligonier, Pa.

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.

May 21, 1954 (New York, N. Y.)
Toppers annual outing at the Montclair Golf Club.

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 8, 1954 (Detroit, Mich.)
Bond Club of Detroit summer party at the Grosse Ile Golf and Country Club.

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

June 11, 1954 (Los Angeles, Calif.)
Bond Club of Los Angeles annual field day at the Wilshire Country Club.

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 11, 1954 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia summer outing at Whitemarsh Country Club, Whitemarsh, Pa.

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, 1954 (Boston, Mass.)
Boston Securities Traders Association 35th annual outing at the South Shore Country Club, Hingham, Mass.

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

June 25, 1954 (New York City)
Municipal Bondwomen's Club of New York annual outing at Rock Spring Club, West Orange, N. J.

Detroit Stockholders End Bowling Season

DETROIT, Mich.—The Detroit Brokers Bowling League closed their season on Thursday, April 29.

The championship for the 1953-54 season was won by the Nauman, McFawn & Company team, composed of Ross Sutherland, Ray Bernardi, Roland Kersten, and James McAleer. Cups and prizes will be awarded at the annual dinner to be held on Tuesday, May 11.

The Glowing Prospects of New Mineral Resources

By FELIX EDGAR WORMSER*
Assistant Secretary for Mineral Resources
Department of the Interior

Mr. Wormser, commenting on depleting supplies of raw materials, reveals work of U. S. Geological Survey in developing new mining processes and in exploitation of minerals never before worked up in commercial quantities.

It certainly is true that the tremendous industrial progress we have witnessed has pressed sorely upon our sources of raw materials. In spite of the tremendous increase in the nation's output of petroleum, we are today a net importer of oil. With the skimming off of our best iron ore, we are importing substantial quantities from foreign sources to meet the requirements of expanded steel output. Not only is our population growing but the per capita consumption of almost all mineral commodities is multiplying. In many cases supplies from domestic mineral resources have not kept pace with this ever mounting demand.

Felix E. Wormser

But that isn't the entire story.

We are just now beginning to think about the problem of supply. Until recently our problem was one of putting to use the apparently limitless resources at our disposal. We were primarily concerned with building factories, designing new products, increasing the efficiency and the output of our manufacturing plants, and finding new markets.

Now we have to turn our attention to our resources—find out what it is we have—how best to recover it—how to make use of abundant materials—how to go deeper in the earth if necessary. It is along this line that I want to talk briefly.

Good Research Prospects

As you know, I happen to have something to do with the operations of the United States Geological Survey. I have the utmost confidence in their observations and conclusions—indeed the brilliant scientific record of this organization speaks for itself. I'm told by its eminent and able geologists that we have only begun the search for hidden deposits of minerals. Accordingly, it is safe to assume that the mineral deposits we are now mining or which were mined in the past probably were found at the surface or at depths hardly greater than 200 feet. It seems reasonable to believe, they tell me, that on the average, we should expect in generally mineralized regions as many deposits hidden below the surface as have been found where the rocks are exposed. Here, then, is a potential mineral resource objective well worthy of intensive search.

To go deeper in our search for minerals will require better tools and more sensitive instruments. We have developed the airborne magnetometer and scintillometer and new techniques of geophysical and geochemical prospecting. But the deeper we go the more sensitive must be our instruments to measure increasingly minute differences in the physical and chemical properties of rocks and the better must be our understanding of the geology.

Many geologists believe that future research will find a fair proportion of these hidden ore bodies.

Another approach to the problem of increasing our mineral supplies is to make greater use of lower grade materials. Somehow nature seems to have decreed that the lower the quality or concentration of a material the greater the tonnage. One of the answers, therefore, to the prophets of doom is to find ways of locating these deposits and develop practical methods for beneficiating such material. Two types of research—both fundamental—will aid in the exploration for low grade deposits: one consists of collecting and analyzing data to discover how various minerals are distributed in various types of geologic environments; the second, supplementing the data analysis, is a study of the earth's history to determine the principles which control the distribution of the elements in nature and the factors which cause relative concentrations in one environment and relative absence in another.

Lower Exploration Costs

Some work has been begun in these fields but much more must be done to reduce the guess factor and thus the expense factor in exploring for low-grade material. As we cut costs in locating relative concentrations of needed materials, I am confident other research will also develop new and useful recovery methods. Fifty years ago, copper ore had to run 60 pounds to the ton—today we are working ores of 12 pounds to the ton. Methods of treating low-grade taconites are being developed which should serve us well in providing iron ore. The world will have to utilize lower-grade materials as time goes on. I have great confidence in its ability to do so.

The Geological Survey also suggests that we may see a new mining process in the future, in which an entire rock formation may be mined, and treated, and a number of metals recovered simultaneously, none of which is found in presently commercial amounts. The Survey gives as an example the Phosphoria formation of the Rocky Mountain Region. This formation includes as separate beds most of the high-grade phosphate rock in the western United States, but, and this is the striking fact, it contains trace amounts of uranium, vanadium, rare earths, silver, nickel, zinc, molybdenum, fluorine, distillable hydrocarbons and sulphur. It is estimated by the Survey that this formation is present in a large part of a 135,000 square mile region, but don't think because I give this as an illustration there will be a rush to this area, for much has still to be learned about it. The Geological Survey, however, believes that, on the basis of present knowledge, this formation, with a thickness of 50 feet or more of rock, may contain more than a half dozen mineral commodities with a gross value of $5.00 a ton.

I know of no more effective answer to the disciples of despair, who see the end of our material civilization brought on by the exhaustion of our mineral resources, than to point out some of the fascinating developments not only of new minerals and metals but old ones as well.

Petroleum and natural gas are outstanding examples. The tremendous advances which have been made in searching for oil, in drilling, in refining, and in exacting more power from each drop are a great tribute to the scientists and industrialists who have made this possible. We now have greater known reserves of petroleum than ever before in our history in spite of our tremendous increase in use, and our advances in producing synthetic liquid fuels assure us still greater reserves.

Aluminum is one of the relatively new metals. The great Northwest has, in no small degree, made possible the developments of this metal. Large quantities of aluminum are to be found in the clays of several areas of the country — awaiting only the development of economic means of recovery. Titanium and magnesium are surely to come into greater use as costs of processing are reduced.

Look what we have done with uranium on the Colorado Plateau. Only a few years ago it was a minor metal. Now the interest in uranium corresponds in some degree to the excitement attached to a gold rush. One is fearful to predict what the future holds!

New Metal Discovery

There is another exciting development in your own backyard. At Albany, Oregon, the Bureau of Mines has developed methods of producing zirconium and, strangely enough, it is also producing a metal the name of which, I daresay, is completely unknown to most Americans. It is the metal *hafnium*. I am told that there is more hafnium in the crust of the earth than there is copper, lead, or zinc.

Incidentally, the Bureau of Mines will shortly have at its disposal a new experimental station at Reno, Nevada, that will help to devise means of recovering the rare elements that are only now being investigated for the benefit of mankind.

Need for Free Enterprise

I do not wish to give the impression that just around the research corner lies the answer to all of our problems of wringing from the earth the materials needed to move our civilization forward. I know of no work now being done on a Rube Goldberg machine into which you can feed common clay and gravel, or sands from the seashore, or sea water itself, and out of the other end will come flowing in required quantities steel, aluminum, magnesium, gold, or new substances to take the place of these. I do wish, however, to express optimism as to our ability to meet the demands of the future for raw materials if we are willing to invest our time, money, and effort in basic fundamental research—and if we can keep our society free.

The great achievements of our nation to date, of which we are all proud and which have so greatly increased our standard of living, essentially derive from our free enterprise economy. It is the benefit of the open competitive business and trade system that has fostered the best in all of us to improve our own lot in life, and to eliminate human drudgery so far as possible, and, while doing so, to help us all.

If we can continue to maintain this freedom, I have every confidence that the skill and ingenuity of our people will still find ways to tap the resources of nature and supply our growing needs.

*From an address by Mr. Wormser before the 1954 Pacific Northwest Metals and Minerals Conference, Portland, Ore., April 30, 1954.

Admit Partner; Firm Now Rodman & Renshaw

CHICAGO, Ill.—It is announced that Charles C. Renshaw has become a general partner in the securities firm of Rodman & Renshaw, 209 South La Salle Street. The firm, formerly Rodman & Linn, became Rodman & Renshaw effective with his admission as a general partner.

Mr. Renshaw, a general partner in the securities firm of Mitchell, Hutchins & Co. since 1929, served two terms as a governor of the New York Stock Exchange and 13 years as a governor of the Chicago Stock Exchange, now the Midwest Stock Exchange. He is a director of Butler Brothers.

F. I. du Pont Adds

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—Robert E. Higgins is with Francis I. du Pont & Co., Foshay Tower.

George W. Smith With Wm. H. Tegtmeyer Co.

(Special to The Financial Chronicle)

CHICAGO, Ill. — George W. Smith has become associated with

George W. Smith

Wm. H. Tegtmeyer & Co., 120 South La Salle Street. Mr. Smith was previously with David A. Noyes & Co. and prior thereto was Vice-President of the First Securities Company of Chicago.

Maurice Flexner Joins White-Phillips Co.

(Special to The Financial Chronicle)

CHICAGO, Ill. — Maurice H. Flexner has become associated with the White-Philips Company, Inc., 39 South Dearborn Street. Mr. Flexner was formerly manager of the Sales department for Voss & Company. Prior thereto he was with Sills, Minton & Co., Inc. and Lehman Brothers.

Harold Davenport Opens

Harold E. Davenport is engaging in a securities business from offices at 305 Bellevue Avenue, North. In the past he was with Hartley Rogers & Co. and Ferris & Hardgrove.

Now With Frank Knowlton

(Special to The Financial Chronicle)

OAKLAND, Calif. — Fred A. Coffin is now affiliated with Frank Knowlton & Co., Bank of America Building. Mr. Coffin was previously with Waldron & Company.

Tax Revision Bill Benefits Wage Earners

By W. RANDOLPH BURGESS*

Deputy to the Secretary of the Treasury

Dr. Burgess gives concise description of the make-up and character of the Tax Revision Bill now pending in Congress. Says Bill is an integral part of the tax and budget policy of the Administration, and, though it is basically a tax reform measure, its early enactment will be helpful during the transition period of lower government defense spending.

The aims and objectives of the Treasury can be summarized as economy, lower taxes, and honest money. These are clear and simple aims.

W. R. Burgess

People generally may not realize how much has been done in 15 months toward reaching these three objectives.

First, the Administration's budget for fiscal 1955 is $12 billion less than the budget submitted to the Congress by the past Administration for fiscal 1954. We are cutting spending as quickly as possible without either endangering our military strength or risking too severe a readjustment in the economy.

Second, tax cuts which will be effective this year, if the President's program is adopted, will total $7.4 billion, the largest total tax cuts made in any year in the history of the country.

About two-thirds of the tax cuts go directly to individuals. The other third goes to stimulate production and make more and better jobs and improve standards of living. Let's not forget that these tax cuts are possible only because we have reduced government spending.

Part of this tax program is the tax revision bill now before the Senate Finance Committee. It is a comprehensive revision of the whole revenue code. This bill is the result of more than a year's work of our Treasury tax team and the Committees of the Congress. Its early enactment would be a great help in encouraging better business and fuller employment.

People generally also may not realize the many benefits for the 60 million American earners of wages and salaries which this tax revision bill provides. Some of these are:

The bill provides more liberal tax treatment of employee benefits.

The bill provides that employee contributions to employee sickness and accident plans are not to be taxed.

The bill provides that sickness benefits paid employees for loss of wages will be tax exempt up to $100 a week. At present these sick benefits are taxable if paid under plans insured by insurance companies.

The bill will make it easier for small companies to set up pension plans for their employees.

More than a million and a half people such as teachers, firemen, policemen, or their widows, who receive retirement income from pension plans will benefit by being exempt from the first bracket tax up to $1,200 of retirement income. The pensions to these people will thus get the same treatment as Social Security benefits.

Eight and one-half million taxpayers will benefit by being allowed to deduct medical expenses in excess of 3% of total income. At present the deduction is for amounts of more than 5%.

Workers will benefit by being allowed to deduct interest charges on instalment purchases even if the charges are not separately stated in the contract.

These are just some of the specific provisions of the tax revision bill which will benefit directly the millions of workers in America. In addition more flexible depreciation allowances, as well as partial relief from double taxation of dividends are among the provisions which will aid small business. These benefits will not only help new businesses get started but will encourage existing businesses to expand, modernize and so create more and better jobs which only an expanding economy can provide.

The tax revision bill will result in loss of revenue of $1.4 billion, but it also provides that the corporation tax rate should continue at 52% instead of going down to 47%. This will bring in $1.2 billion—almost enough to finance the whole cost of the bill.

The revision bill is an integral part of the tax and budget policy of the Administration. While it is basically a tax reform bill, its early enactment by the Congress will be very helpful during the present transition period to less defense spending by government.

The third aim of the Treasury is honest money. The pegging of prices of government securities by the Federal Reserve System has been discontinued and the Federal Reserve has been released to perform its proper role of influencing money conditions, solely in the public welfare. Confidence in the value of the dollar has been strengthened. In the money markets the laws of supply and demand have been allowed to operate.

All of this adds up to giving the individual greater freedom—greater freedom from government interference and control—greater freedom to pursue his business, spend his own money, and live his own life. We have arrested the drift the other way for government to take over more and more of each man's income—to interfere more and more with his individual freedom. We are moving in the right direction.

*From an address by Dr. Burgess before Group 8 of the Pennsylvania Bankers Association, Pittsburgh, Pa., April 24, 1954.

Theodore Chaffin Opens

(Special to THE FINANCIAL CHRONICLE)

HYANNIS, Mass. — Theodore Chaffin is engaging in a securities business from offices at 33 Stetson Street. He was previously with F. L. Putnam & Co., Inc.

W. F. Quisenberry Opens

(Special to THE FINANCIAL CHRONICLE)

MEDFORD, Ore. — Walker F. Quisenberry is engaging in a securities business from offices at 800 South Oakdale.

Edward Brender Opens

Edward Brender is engaging in a securities business from offices at 101 East 16th Street, New York City.

From Washington Ahead of the News

By CARLISLE BARGERON

In the course of a long career in what is fondly called the Nation's Capital this writer has been through free trade eras and high trade eras, alternating back and forth. Up and down and down and up. Never any middle ground, and I might add, I have been on both sides, vehemently. At this late date I would hate to stand and be counted.

Carlisle Bargeron

That there must be world trade, I suppose, goes without saying, if for no more reason than it constitutes an "activity," and creates justifications for wars, and I assume that the argument is true, that if this country expects to sell abroad it must buy abroad. But then when a harassed industrialist asks me how in the name of Heaven he can pay the American standard of wages and compete with lower cost goods from abroad, I am stumped.

However, regardless of the merits or demerits of free trade and protection this harassed industrialist is up against a wailing wall these days, and his plaints and lamentations bounce right back in his face. The free-traders relatively speaking, are in the saddle and riding high.

There is still a group of protectionists among Republicans in Congress but any hope that with the so-called Republican victory in November, '52 their voice might become stronger is now known to have been unjustified. Faced with insuperable odds, with the current mood of the country, seemingly, this group has gone into its shell.

Even before Senator Taft died he was counselling the protectionists of his party to lay low at least for a while because the Republicans had to sort of ease their way back into public acceptance. They just couldn't come into power and start being Republicans right off the bat. The shock on the country would be too great.

Undoubtedly what annoys the hard-pressed industrialist most is the theorizing that goes on in the ivory towers about the better living and increased happiness which free trade creates for peoples everywhere. He is up against such hard and cold facts as this:

One of the first European vessels to get into the St. Lawrence waterway when the ice broke this year had a cargo of Ford tractors assembled at the Ford plant in Dagenham, England, destined for Detroit. There were 84 of these tractors. A Ford spokesman has said that about 5,000 of these tractors are to be imported this year and there will be an increasing number in 1955 and '56. The spokesman also explained that these tractors will sell in the Midwest for $400 less than any comparable unit made in the United States. If you don't think this causes furrows in the brows of the executives of International Harvester, John Deere, et al, you are badly mistaken. These tractors, incidentally, come in duty free.

Now, here you have one of those propositions upon which the intellectuals in the ivory towers could feast indefinitely, and undoubtedly they could rationalize it. Some of the rest of us may not be able to. The Midwest farmer unquestionably will be glad to get his tractor for $400 less, but what about the worker in and around Detroit where there is already unemployment and from whence come the wails of Walter Reuther, not only his wails but his pressure that the Government in Washington "do something."

In passing, it should be noted that young Henry Ford is one of the leading apostles of free trade, or perhaps, freer world trade. As to the soundness of his preachments, I don't know, but he can certainly give an example of how it works.

The coal industry, in a thoroughly sick state, has been seeking for months some relief from the importations of residual oil. So have the independent oil producers but they aren't in anything like the state of the coal industry. Just a few days ago a flock of Governors from coal-producing States went to see Mr. Eisenhower with their problem.

It is doubtful they will get any relief on residual oil. This would involve imposing a higher tariff on it and if he were to do that, Mr. Eisenhower would cause much anguish among our better thinkers, our global thinkers. It would be highly unfashionable, so to speak. The impression might be created that he was acting like a Republican.

Something is apparently to be done for the shipyard industry, practically idle because American flagships are being built in cheaper cost foreign shipyards. The relief to be extended is a form of subsidy. Maybe we will get around to that on coal and tractors. World trade, the way we practice it, may be highly involved, but it is so terribly interesting, particularly to a bored nation which we in such a relatively short time have apparently come to be.

J. W. Sullivan Opens

(Special to THE FINANCIAL CHRONICLE)

BAKERSFIELD, Calif. — James W. Sullivan is engaging in a securities business from offices at 2416 Alder Street.

With Taiyo Securities

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John M. Kubota is now with Taiyo Securities Company, 208 South San Pedro Street.

Now With Slayton Co. Inc.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Claude Gentry Jr. has been added to the staff of Slayton & Company, Inc., 408 Olive Street.

W. R. Schoenknecht Opens

(Special to THE FINANCIAL CHRONICLE)

EAST HAVEN, Conn.—Walter R. Schoenknecht is engaging in a securities business from offices at 650 Laurel Street.

C. W. Jackson Opens

INDIANAPOLIS, Ind.—Charles W. Jackson is conducting a securities business from offices at 5129 North Illinois Street.

Forms H. P. Vassar Co.

H. P. Vassar has formed H. P. Vassar & Co. with offices at 170 Broadway, New York City, to engage in a securities business.

Toward a Sound Economy

By H. CHAPMAN ROSE*
Assistant Secretary of the Treasury

Citing as Administration's main objectives, provision of adequate military posture, and maintenance and increase of underlying soundness of our economy, Mr. Rose maintains latter is being accomplished through the $7 billion cut in government spending, making possible largest total tax cut in nation's history. States pending bill is primarily concerned with reform rather than reduction. Hails relief regarding double taxation of dividends boon to expansion of business and jobs.

This Administration has been working toward two great objectives:

First, to provide a military posture adequate for our defense and security; and

H. Chapman Rose

Second, to maintain and increase the soundness of our economy, on which that military posture must be based.

The Treasury is, of course, particularly concerned with the second of these objectives, and I would like tonight to review with you briefly some of the things that have been and are being done by the government to strengthen our economy.

In the first place, government spending has been cut. In the current year it is estimated that expenditures have been reduced 7 billion dollars below the totals estimated by the previous administration. Seven billion dollars is such a tremendous amount of money that it is difficult even for bankers to visualize just what it means. But the President the other day used a few examples to try to bring it down to earth:

The money American farmers got last year for all the corn and all the wheat grown in an entire country was $7 billion.

The money Americans paid in all of last year for household utilities and for fuel amounted to $7 billion.

The money Americans pay each year for doctors', dentists', medical and hospital bills is $7 billion.

A reduction of $7 billion in government expenditures this year is a tremendous reduction.

The First "Eisenhower Budget"

The budget for the fiscal year which begins next July 1 is now before Congress. It is the first "Eisenhower Budget." It provides for still further reductions in government spending. In this budget estimated expenditures are 5⅓ billion dollars less than the current year's and 12⅓ billion dollars less than recommended for 1954 by the previous administration. That 12⅓ billion dollar reduction means that proposed budget expenditures have been cut almost 20% since this Administration took office—a reduction of about $75 for each man, woman and child in the nation.

In discussing reductions in government spending there is one fact we must keep in mind, and that is that today roughly 70 cents out of every tax dollar goes for purposes related to American security. Even though savings can be, have been and will be made in defense spending, we cannot and will not cut unwisely in this field and endanger that security

Resulting Tax Cuts

The cuts in spending which have been made by this Administration have made possible cuts in taxes. Tax cuts which will be effective this year will amount to the largest total dollar tax cut ever made in any year in the history of our country. This total will be $7.4 billion.

Who gets the benefit of these tax cuts? The discussion of this question has generated more heat than light recently, so let's look at the facts. The fact is that about two-thirds or nearly $5 billion of the taxes cut go directly to individuals. The breakdown of the cuts shows:

(1) Income taxes paid by individuals came down $3 billion a year, beginning Jan. 1.

(2) The excess profits tax, which raised $2 billion a year, was allowed to expire at the same time.

(3) On March 31 the President signed into law the bill which reduced excise taxes on a wide variety of goods and services by about $1 billion.

(4) The tax revision bill, which was passed by the House and is now before the Senate, will result in tax reductions of $1.4 billion.

To repeat, expenditures for the current year have been reduced by $7 billion and because of that, and only because of that, it has been possible to make the largest total tax cut in any year in the nation's history.

Now, all of us in America want further tax cuts. The whole tax level is still too high and too restrictive for the long run. But we believe that the people of the country share the Administration's conviction that tax reductions must depend on a reduction in government expenditures. The bills must be paid some day; if we do not raise the money to pay them now, we are just postponing—and not really reducing—the taxes needed to pay them later. We should pay our own way and not pass the bills on to our children.

Further tax reduction must depend on reduced spending for another reason which you bankers all understand without my doing more than mentioning it — and that is the inflationary effect of deficits. You all know that the purchasing power of the dollar declined from 100 cents in 1939 to 52 cents in January 1953, that almost half of that decline has come since 1946. You know what that decline has meant to the average American who had saved dollars in savings accounts, in savings bonds, in pension funds and life insurance. You understand the role of these savings dollars in providing capital for American industry and the importance of stabilizing the value of the dollar as an incentive for saving.

The goal of this Administration has been and continues to be honest money which retains its buying power. This goal has been pursued in several major ways. One of the most important of these was to reduce the Federal deficit to the point where cash income and outgo were nearly in balance. As a result, inflationary forces have been brought under control. The cost of living has varied less than 1% over the past year. The destructive inflationary trend has been arrested. This Administration is determined to prevent further inflation, and so it insists that further tax cuts must be based on further reductions in government expenditures. Tax cuts without spending cuts would, we believe, cost the American taxpayer more in inflated prices than they would save him in taxes.

Tax Reform, Not Reduction

I have referred briefly to the tax revision bill which is now before the Senate, and I have mentioned that it will result in tax reductions of $1.4 billion. I want to point out, however, that this is primarily a tax reform bill, not a tax reduction bill.

Our tax laws were last completely rewritten in 1876. Many of the provisions of the present Internal Revenue Code have outlived their usefulness. Some of them were adopted to raise money quickly during periods of heavy spending for war purposes.

The bill will relieve millions of individual taxpayers who have been plagued by unjust and unfair hardships over many, many years. For instance, it is estimated that about 8,500,000 individuals will benefit from larger deductions for medical expenses. About 6,500,000 individuals will benefit from the partial relief from double taxation of dividends. These are just two examples of the type of relief which this reform bill provides for individual taxpayers.

In addition, as I said before, the bill is designed to remove from our tax system as many of the barriers to economic growth as possible—to revise our tax system, for example by making the depreciation provision more flexible, so as to encourage new businesses to start, old businesses to expand and all businesses to modernize. The average cost of providing plant and equipment for one job in America is between $8,000 and $10,000. It is in the interest of all Americans that our tax laws provide the minimum barrier to the incentive to invest the money to create more jobs, and thus better living for every one.

To Encourage New Investors

There has been a good deal of debate about the provision in the bill relieving against the long-admitted unfairness of the double tax on dividends. Leaders of both parties, beginning with President Roosevelt in his tax message in March 1936, have recognized the inequity of this double tax. This provision, however, is not designed solely to relieve individual taxpayers, important and deserved as that relief is. It is also designed to encourage Americans with savings to invest their savings in stock and thus provide capital with which jobs can be made by new or expanded business.

The American economy today is showing its enormous vitality, in this period of transition as government spending is cut by billions of dollars. Concerned as we are about the individuals who are unemployed, we must not lose sight of the fact that there are more than 60 million people working today, that in the first quarter of this year there were more people employed in America than in any first quarter in the whole history of this country except in January and February of last year. This tax revision bill is a vital part of the Administration's program to create a climate in which the American economy will continue to grow as it has in the past.

Bankers' Role

I come back to what I spoke of at the outset—the role of American bankers in developing public understanding in support of a sound fiscal program. The creation of the right economic climate, in this country, depends upon creating the right climate of opinion. That means wide public understanding of these issues, of tax policy and fiscal policy.

These for the most part are not dramatic issues, but they are vital issues. They will be understood only by a mature, balanced public opinion, which, as President Eisenhower said in New York, is given "all the facts and ideas — the spectacular and the unspectacular, the unifying facts and the divisive."

What the President said to the newspaper publishers is equally applicable to the field which we are here discussing:

"Along with patriotism, understanding, comprehension, determination are the qualities we now need. Without them we cannot win. With them we cannot fail."

*A talk by Mr. Rose before the Mercer County Bankers Association, Trenton, New Jersey, April 23, 1954.

Hargan, Alexander With Texas Bk. & Tr.

DALLAS, Texas — Edward F. Hargan has been named Trust Officer of Texas Bank and Trust Company and Ted R. Alexander has been named Manager of the bond department. The announcement of the two appointments was made by W. W. Overton, Jr., Chairman of the Board, and P. B. (Jack) Garrett, President, following the regular monthly board meeting.

Mr. Hargan's duties will include trust development and estate consultation.

For the last several years, Mr. Hargan has been Secretary of the trust division of the New York State Bankers Association. Previously he was a Trust Administrator with the Bank of the Manhattan Company and the Hanover Bank of New York City.

A University of Notre Dame graduate, Mr. Hargan also holds an LL.B. degree from Brooklyn Law School. He is a member of the American Bar Association, New York State Bar Association, and Phi Delta Phi, an international legal fraternity.

Mr. Alexander, a native of Dallas, until recently represented R. A. Underwood & Company in sales of municipal bonds and other investment securities throughout Texas. Previously he was a bond adviser of the State Board of Education.

Mr. Alexander, 39, was graduated from the University of Texas in 1940. He holds a B.A. degree. He is well known throughout the state in investment security houses.

Joins First Boston

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Grant S. Barker is with The First Boston Corporation, 75 Federal Street.

Cantor, Fitzgerald Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—John W. Rumery and Arden C. Newsom have been added to the staff of Cantor, Fitzgerald & Co., Inc., 232 North Canon Drive.

Our Military Planning Linked to a Stable but Dynamic Economy

By HON. CHARLES E. WILSON*
Secretary of Defense

After describing the "new look" of the National Defense Program, Secy. Wilson points out our military strength must rest on a broad base, which comprises further development of our industrial potential and the economic stability of the nation. Lists as important considerations in defense planning: (1) use of atomic power to serve usages of peace as well as war; (2) integration of new weapons systems as means of economy in man power; (3) maximum mobility of action of armed forces; (4) most economical use of trained manpower; (5) creation of industrial mobilization base, and (6) strengthened plan of continental defense. Outlines economy in military establishment.

I appreciate this opportunity to speak to you on the subject of "Our Nation's Defense Program." Since coming to Washington, I find an environment in which short phrases, or what might be called catch phrases, are used to overly simplify or perhaps gloss over complicated matters. There is controversy and some misunderstanding about each of them. Perhaps that is why we often get into arguments and discussions about the phrases themselves rather than the real problems back of them. For example, the long pull, the new look, security risks, fellow travellers, mobilization base, communist imperialism, strategic plans, cold war, ready reserves, continental defense, massive retaliation, full employment, economic stability, atomic age, and civil defense.

C. E. Wilson

While each of these could be used as a subject for a half-hour talk, they all are involved in our nation's defense program. So today, instead of trying to explain in sufficient detail the meaning of any one of these phrases, I thought I would fit them together for you and show you how they influence our defense program.

I am sure all of us agree that the ideal for any nation would be a condition of lasting peace, a stable economy, and opportunity for an ever-increasing standard of living for all. Our modern free society has demonstrated that, freed of the burdens of war, it can promote the spiritual and economic well-being of all its citizens. This is based fundamentally on the recognition of the basic human rights of the individual, the promotion of the initiative of the millions, and not in the aggrandizement of the state or any dictator. It requires the proper exploitation of natural resources, the continuing growth in scientific knowledge, and the increased use of mechanical horsepower and machines, substituting slaves of iron and steel for human backs. We have demonstrated that great progress along these lines can be made in our country in spite of the fact that we have suffered the misfortune of three wars in the memory of most of us.

The most serious threat to the peace of the world today is communist imperialism. It is a real threat because important nations like Russia, Red China and their satellites are controlled by dictators who operate in the name of the people but who are in no sense under the direction and control of the people of their countries. I am sure the peoples of the world want peace — not war. But, historically, dictators thirsty for more and more power have been dangerous threats to peace and have often precipitated wars.

Thus communist imperialism is a real threat to our nation and the free world. It is the reason our nation must have and continue to have an effective defense program. Communist imperialism is really a three-pronged threat to the free world. The communist conspiracy operates in the psychological and propaganda area in most of the nations of the world. Hence, we have the phrases "fellow travellers," "security risks" and "cold war." A person is a security risk if, based on all the available information, his employment or retention with the Federal Government is not clearly consistent with national security. Security risks with loyalty connotations are the ones that especially require judgment and careful appraisal. Some such persons, while not card-carrying communists, can be listed as fellow travellers or security risks. A security risk is not necessarily a proven disloyal, subversive or treasonable person. People must be treated fairly, but the national interest must be paramount. After all, fundamentally it is a privilege and not a right to work for the government. The American people do not believe that security risks should have places in government where they could be used by the world communist conspiracy to undermine our government. Above everything else, Americans do not want such people in their military services.

The cold war may be defined as an aggressive clash of ideologies in an effort by the Moscow controlled communists to achieve through subversion the increasing domination of the nations of the world without actual shooting.

Communists imperialism is also a threat to economic stability. Communists believe and operate on the principle that a free society cannot maintain a productive and stable economy. We know better. We reject such false dogma.

Following their party line, Communists promote fear and unrest. Their strategy is to upset the economy of free nations, forcing unemployment and disruption of the natural social and economic relations necessary between individuals, communities and nations. Our free society with its high standard of living, its big cities, large industrial plants and specialized agriculture requires understanding, cooperation and political stability in order to flourish and provide the maximum benefits to all the people. Our free society is like a powerful reciprocating engine that must have a suitable fly wheel in order to run smoothly—the fly wheel of financial stability, full employment and balanced budgets.

Communist imperialism is also a serious threat to the nations of the free world in a strictly military sense. Since the communists teach world revolution through force, violence and subversion, they are always prepared to rush in and dominate any weak, restless or defenseless people. In a military sense they are always ready to move into what might be called a power vacuum. Therefore, our nation and our allies must have mutual and effective defense programs. Since the communists conceive of their march to world domination as involving a whole historical era, we must be prepared to deter war through strength over an indefinite period of time—a period as long as the iron curtain exists or communist imperialism tries to dominate the world by means of propaganda, economic sabotage or outright military force. Hence, we talk about "the long pull," and "the new look," which are reappraisals of our strategic plans and force levels, our mobilization base, our ready reserves and related problems.

The atomic age has forced us to recognize that the oceans and the control of the waters near our shores in themselves no longer prevent invasion or serious destruction in our country in the event of all-out war. Hence we talk about and plan for continental defense, civil defense and our ability to deter war through the threat of massive and effective retaliation.

A Broad Military Base

Our military strength must rest on a broad base. We must have spiritual strength and political unity. We must continue to develop our industrial potential and the economic stability of the nation. We must continue to promote research, increase our scientific knowledge, and the application of this knowledge and technology for both peaceful and military purposes. We must maintain sufficient military forces in being, equipped with modern and superior weapons and the manpower and material reserves to back them up.

Times does not permit me to dwell on the importance of maintaining our free institutions and our respect for individual human rights. In our efforts to eliminate subversives and security risks we must avoid using the methods of a tyrant.

In our effort to maintain economic stability and relatively full employment we do not have to use Fascist or Communist methods. We do have to recognize the essential factors involved. I have every confidence that between us all we know enough to reasonably control these factors and their overall effect on the economy of our country without resort to regimentation and specific controls that interfere with the final efficiency and effectiveness of our free industrial system.

Our nation's defense program requires careful and continuous study and specific and detailed plans and programs promptly, effectively and efficiently carried out.

When I appeared before the Appropriations Committee of the House and the Senate a year ago, I stated that during the summer and fall of 1953 it was planned to take a new look at the entire defense picture. I also stated at that time that the force objectives outlined in the FY 1954 budget were interim goals and were subject to whatever changes might be indicated by the then forthcoming review.

I can now say without reservation that this intensive study has been made and that great and encouraging progress has resulted from the re-examination and reorientation of our military program. I do not claim that all the inefficiencies and waste in our defense activities have been eliminated, nor that all of our objectives will shortly be achieved. Improvement must be a continuing process. While we must have plans and programs for the long pull, we must always be ready to take a new look at them when world conditions change or new scientific and technical developments indicate the desirability of making some modification in our military and strategic plans.

Considerations in Defense Planning

In his message to Congress early this year President Eisenhower well stated the basic philosophy underlying our whole national security program. He stated that "Since our hope is peace, we owe ourselves and the world a candid explanation of the military measures we are taking to make that peace secure. As we enter this new year, our military power continues to grow. This power is for our own defense and to deter aggression. We shall not be aggressors, but we and our allies have and will maintain a massive capability to strike back." He made six essential points which underlie the more important considerations in our defense planning, the substance of which I would like to reemphasize.

First, While we are determined to use atomic power to serve the usages of peace, we will take full account of our large and growing arsenal of nuclear weapons and the most effective means of using them against an aggressor if they are needed to preserve our freedom. We would propose sharing with our allies certain knowledge of the tactical use of such weapons.

Second, the integration of new weapons systems into military planning creates new relationships between men and materiel which emphasize airpower and permit economies in the use of manpower.

Third, these new concepts require maximum mobility of action upon the part of all of our armed forces, and therefore require the reassembly of our strategic reserve forces as dictated by world conditions and their maintenance in a high state of readiness to cope with any possible acts of aggression.

Fourth, our national defense must rest on the most economical and mobile use of trained manpower. Since a professional corps of trained officers and men is the teacher and leader of our armed forces, we must take steps necessary to create conditions of morale and security which will retain in the career service the required numbers of long-term personnel.

Fifth, the foundation of an effective defense program, which must be maintained at a high level of readiness for an indefinite period of time, is an industrial mobilization base which can be converted swiftly from partial to all-out mobilization if that unhappy course of action is forced upon us.

Sixth, the President placed emphasis on a strengthened plan of continental defense, which includes provision for improved early warning of enemy attack and the men and materiel to man the radar outposts, interceptor and guided missile squadrons and other units of our air, naval and land forces devoted to this task.

These basic concepts are the foundation of our nation's defense program. This program is built around new military plans recommended by the Joint Chiefs and approved by the President following consideration by the National Security Council. It is intended to make and keep America strong and secure in an age of peril.

Our National Policies

The key to our military planning is found in our national policies. Accordingly, the military strategy recommended by the Joint Chiefs as necessary to carry out our national policy was developed with full consideration of the overall national interest. The Joint Chiefs and their assistants deserve a great deal of credit for their outstanding work during the past months.

While these plans were developed by the new Joint Chiefs appointed late August, a review of our military strategy was indicated and would have been undertaken no matter who our Chiefs of Staff might have been. Our new program is a natural evolution from the crash program that was adopted following the beginning of hostilities in Korea. It recognizes the need for the "long pull" that we must continue to maintain our military and economic strength over a long period.

The new funds for our nation's defense program currently being requested from Congress are importantly influenced by the new military program. Our estimate of the expenditures for fiscal year 1955 was influenced by our new military program and the commitments previously made under earlier appropriations. The fact that we are still in the build-up stage in some of our military activities requires expenditures at a somewhat higher rate than will be true when the program levels off. This is the reason that estimated expenditures for fiscal year 1954 will exceed new money authorized for the same period by approximately $7.8 billion, and the expenditures we estimate for fiscal year 1955 will exceed the new funds requested for that period by approximately $6.6 billion also. The estimate of the expenditure rate for fiscal year 1955 is approximately $4 billion less than the estimated expenditures for fiscal year 1954, amounting to a reduction of a little less than 10%. This change in our rate of expenditures should not in itself be sufficient to importantly affect the over-all economy of the country.

Our military programs and the forecasts of money required to carry them out are always subject to change. The next few months are obviously critical ones in world affairs, and what happens in Europe and Asia during this period may force a soul-searching review of our specific policies, plans, objectives and expenditures.

The duty of the Defense Department is to provide a sound defense for our country. We must achieve this by obtaining maximum combat effectiveness for every dollar made available by the people through their Congress.

Economy in Military Affairs

There are three distinct methods of achieving economy in military affairs:

First, there is economy in planning (what some planners call "economy in forces"). By this we mean devising a strategy which permits the selection of those force elements and weapons systems which provide the greatest combat effectiveness at the lowest cost in manpower and resources. This is primarily the job of the Joint Chiefs who, on the basis of stated national policies and objectives, evaluate the capabilities of potential aggressors and devise the most effective strategy to meet such conditions. Economy in forces is reflected in the carefully considered, long-range plan of the Joint Chiefs, of which the fiscal year 1955 phase is reflected in our current budget request.

Second, there is economy in programming. By this we mean the provision of the proper support forces and resources, such as manpower, materiel and bases required to maintain the degree of combat readiness and effectiveness necessary to implement the strategy we have adopted.

Economy in programming is re-

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*An address by Secy. Wilson before the Chamber of Commerce of the United States, Washington, D. C., April 26, 1954.

The Atomic Revolution

By JOHN JAY HOPKINS*
President, General Dynamics Co.

Industrial leader maintains our greatest worry should not be the H-bomb, but rather the human spirit, including the hate, greed, or fear, behind it. Expresses faith in world's choice tending toward atomic creation rather than destruction, maintaining curbing of atomic energy to peacetime use has become greatest technological challenge of our day.

The atomic age was conceived in 1939 with the splitting of the uranium atom. It was born in 1942 at Chicago when Fermi and his group demonstrated a self-sustaining nuclear reaction. The atomic revolution—now transforming our long held scientific, economic and political concepts—began at Alamagordo in 1945 as a wartime achievement triggered by a desperate wartime emergency. Yet the terrible first employment of atomic energy as the light—brighter than the sun—which destroyed Hiroshima, should not blind us to the great and enduring good for all mankind already rippling outward from these epic events.

John Jay Hopkins

We have learned and are learning—as we have had to do with fire—that the *uncontrolled* release of atomic energy can be the world's greatest evil. Atomic energy *controlled* can become the world's greatest material blessing—a major achievement of the spirit of man in the conquest of his material world. This is the dual destiny of the atom. Yet it must be borne in mind during this current wave of mild hysteria—and during the future recurring atmospheres of apprehension which are bound to encompass us—that the atomic fission missile has no motive, that the thermo-nuclear device has no brain, and that the theoretical bomb of cobalt would be but an inert genie unless activated by man as an instrument of complete self destruction.

The atom bomb does not decide its enemy, choose its target, detonate itself. It does what it is *directed* to do. The thermo-nuclear device is not in itself a villain—a "hell" bomb. Bombs are built with human hands. Human passions, not these infernal machines, supply the villainy and the hell.

How true for today are the words of that great and wise poet, George Meredith:

> "In tragic life, God wot
> *No* villain need be—
> *Passions* spin the plot."

What we need to fear, and should seek to control, is not the H-bomb but rather the human spirit and thought that breed behind this bomb—and the hate, or greed, or fear that trembles on the trigger.

Greatest Potential in World of Peace

The atom has its greatest potential not in a world of war and hate and evil, but in a world of peace, and of goodwill. Not as a destroyer of cities and nations but as a builder and savior. Indeed, in its fundamentals the principles of atomic fission and fusion have given us the knowledge which now forces us to an historic choice between good and evil.

Hopefully, I believe there are indications that the world's choice will be made for atomic *creation* rather than atomic *destruction*. While atomic clouds and rains of radioactive ashes and atoms for war monopolize the news — the peaceful atomic revolution is being speeded, too, though hardly even publicized — and but little regarded by those without a scientific background.

Because creation is infinitely more difficult than destruction, the curbing of atomic energy to peacetime use has become the greatest technological challenge of our day. Indeed this is not merely a technological but a moral challenge to us all. For in order to deserve the great creative boons of atomic energy rather than the horrible consequences of its destructive power, we have no alternative, I believe, but to work vigorously and unremittingly, *and instantly*, toward the constructive benefits which it so clearly offers.

It seems fair to compare the revolutionary impact of atomic energy on our world economy with the discovery of fire, steam and electricity, and the power sources of coal, oil, wood and falling water. But the nature of the atomic revolution is infinitely more varied in scope than any mere *power* revolution. I foresee that the atomic revolution will transform not only power, travel, transport, and communication, with new portable power packs, but will revolutionize our economies, our social customs, our medicine, our finances, our politics, our agriculture, our biology! The atom is revolt *incarnate* against the *status quo!*

To a physicist, atomic energy is a prime tool for studying the nature of the physical world, both as to its structure and the interrelation of force and matter. To the researcher in bio-physics, or chemistry, or medicine or metallurgy, atomic energy provides priceless precision tools to identify and trace chemical reactions on and within the consitutents of living matter and inorganic matter. The atom offers a possibility of achieving chemical reactions—in ways not previously possible—through the use of radioactivity as a catalyst, or reaction agent. To the industrial or military man, atomic energy has provided, as we have said, instruments of unimaginable power. To electric utility management it offers a new type of fuel; one with its own peculiar problems, but also one offering competition eventually for existing fuels and reserves of energy far surpassing any of those now being employed.

As a matter of fact, more than 1,000 firms in the United States and Canada, to say nothing of the rest of the world, are already employing the atom in every-day, routine operations. The widespread industrial usage, it seems to me, more than anything else, should serve to tear from atomic energy the veil of mystery and of fear.

For example: Some 300 companies in North America alone are now using atomic energy in radiation instruments that inspect metal parts of the products they make. A further 250 firms are using atomic thickness guages to measure and control the coating on such things as paper and galvanized iron. In a six-year period this industry has grown from a sales volume of $2,000.000 to a sales volume of over $20,000,000.

A typical radiography installation may cost a factory about $750. Its predecessor, an industrial X-ray machine, might cost $10,000 or more. The atom thus offers cheap, reliable inspection of parts — which means faster, lower-cost production. The result is that more and more industrial firms are adopting these "tools" of the atomic revolution. Automobile manufacturers use them on cylinders, pistons, connecting rods. Airplane companies, boiler manufacturers and a host of others are putting the atom to work.

Atomic tracers provide another growing source of atomic aids for industry. For an interesting example, a speck of radioactive material is dropped into a pipeline when a shipment of gasoline is pumped into the line, followed by a shipment of fuel oil. With a Geiger Counter, a workman at the other end of the line can then tell when to stop pumping the pipeline's flow into the gasoline storage tank, and switch it over to the fuel-oil tank. This workman formerly had to take samples from the pipeline in order to know when one product was being replaced by the other. Considerable inter-mixing, and delay, where the second shipment joined the first, was of course inevitable.

The Field of Preventive Maintenance

Another important application of atomic energy is in the field of preventive maintenance. At least 15 large oil and chemical concerns are already engaged in this activity. Since a radioactive pellet can be suspended from a string of wire and carried from place to place like a weight on the end of a fishing pole, it can be dropped into inaccessible places. A maintenance man can drop such a pellet down a pipe into a valve, for example, put a film on the outside of the valve, and X-ray the critical part with a minimum of difficulty.

Atomic radiation therefore is upsetting the *status quo* by faster, cheaper, more reliable ways of investigating the wear in pistons, of measuring the thickness of films of rubber, paper and metals, in the radiography of castings, in the detection of impurities in dyes, paints, crystals and chemicals. Agricultural research is making studies of great importance on plant growth and soil process through the use of radioactive stimulants and tracers.

So great is the expansion of uses of radioactivity in the field of medicine, it is estimated that already the lives of more people have been saved by the atom than were lost in the Hiroshima and Nagasaki explosions!

For example, through the use of radioactive phosphorus—which checks the over-production of red blood cells in the bone marrow—the lives of sufferers from leukemia have been prolonged. And one of our most famous ethical laboratories is offering radioactive iodine in capsule form for the treatment of thyroid disorders without the need of hospitalization or elaborate controls.

The largest single employer of isotopic materials is industry. The second largest application is in the field of medicine. Some perspective on our progress in the last few years may be gained from the figures on shipment of radioactive isotopes. In 1946 there were a total of 246 shipments; in 1953 there were 10,676. Other nations, particularly Canada, are also large producers.

Now what can we say of atomic power?

Spurred by the constantly rising cost of coal as mines become deeper and veins thinner, the British are moving swiftly to place greater and greater emphasis on power from atomic energy. The point at which atomic energy becomes competitive with conventional fuels will be reached far earlier in Britain, and elsewhere, than in the United States. Indeed, British scientists and engineers now conclude that within 15 to 20 years nuclear energy should be able to make a substantial contribution to the electricity supply of Britain at a cost comparable with the cost of coal-generated electricity. In that time it may be possible to set up a reactor system which would generate enough electricity to save 20 million tons of coal a year — the amount by which estimated production will fall short of estimated requirements in the next two decades. Not only would there be a considerable saving in cost but the partial introduction of nuclear power may also make possible a shift of manpower from marginal coal mines to more productive activities. The British are already heating buildings experimentally with atomic energy.

The atom offers great hope for the Continent of Europe which clearly faces a power shortage in the foreseeable future. World scientists find the need for energy far outstripping man's ability to produce it from hitherto conventional sources. One expert estimates that in the next 100 years the world will burn up 37 times as much energy as has been produced in the last 2,000 years. A 12-nation European pool is building the world's largest atom smasher near Geneva, Switzerland, pooling atomic research for peacetime purposes.

Here, as you know, the Atomic Energy Commission is proceeding with the development of the first nuclear power plant to produce electrical energy on a commercial scale. The engineering and cost experience in this 60,000-kilowatt project and industry's direct participation in its construction and management phases will show the way for future independent enterprise. In fact, many private concerns have already indicated readiness to build on a fixed-price basis smaller size reactors for military power plants.

Obviously it was the realization of these great portents of the atom which led the President to make his dramatic proposal to the United Nations last December. The boldness and constructive imagination of that proposal were quite in keeping with the American tradition of readiness to move ahead when our instincts tell us human welfare and conditions of life may be improved. It is obvious that implementing such a proposal involves many delicate and difficult problems, particularly in a world fraught with concerns of international security. We have, however, the assurance of Chairman Strauss of the Atomic Energy Commission that no fear for security need dissuade us from the basic purpose which lay behind the President's proposal. Rather, if we consider with care some of the potent technological factors I have reviewed for you, you may share with me the conviction that international exploitation of atomic energy is absolutely inevitable.

Atomic energy, then, as a revolutionary source for power scores its first chance on the basis of simple economics. Today experts are hesitant to say that nuclear-powered plants will soon produce power below the cost of our most efficient conventionally-fuelled plants. There are few, however, that will fail to estimate even now that a nuclear-powered plant *can* be built to produce power at a cost somewhere in the upper

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*Speech by Mr. Hopkins before the Economic Club of New York, April 28, 1954.

The Structure of Industry

By EDWIN J. SCHWANHAUSSER*
Executive Vice-President, Worthington Corporation

Prominent industrial executive discusses such questions as: (1) the function of industry; (2) its performance; and (3) the circumstances that can best perform this function. Stresses profit motive of industry, but emphasizes "low costs as the greatest share-the-wealth scheme which man has devised." Holds industry's chief function is to provide employment. Points out value of trained personnel in industry and importance of the risk element. Discusses "Big Business" in industry, and gives data on role played by separate industries in 100 leading corporations.

When I was asked to talk to you about the structure of industry—and I assume we are talking about "American industry"—the magnitude of the subject frankly appalled me.

E. J. Schwanhausser

But the more I thought about it, the more I was intrigued. I came to the conclusion that I should try to answer three questions:

"What is the function of industry in this country?"

"How does industry perform this function?" and

"Under what circumstances can it best perform its function?"

If this sounds like more than any one man can cover in any reasonable period, don't lose heart because I think so too. What I hope to do this evening is to stimulate your minds along a line of inquiry that seems to me worthy of your time and talents—especially since all of you are moving toward positions of management responsibility and ought to be examining these areas of the subject.

I believe the Newark College of Engineering is very wise in encouraging you to such exploration through this Junior Executive Development Conference Series. I am glad to do whatever I can to help.

I think I should admit that I also have been stimulated to an examination of the facts. I do not come here as a teacher but as a fellow explorer, and certainly not as an economist. I have ideas but no final answers. The principal advantage I have over you—if any—is the evidence I have acquired from a longer experience than yours.

The Function of Industry

Let's start with the first question: "What is the function of industry?"

Well, it is to produce goods and services. As a matter of fact, day by day it produces the vast and expanding heap of goods and services which we in this country share as consumers — what is sometimes referred to as our standard of living.

Clearly it is a function of industry to **produce things.**

But I think we are bound to conclude that this is too simple a definition. As Executive Vice-President of Worthington Corporation I can tell you that it isn't nearly so easy as that. Let's consider some of the qualifications.

The first and most important one is that industry must produce things at a profit. If a company doesn't operate at a profit, it is merely living on its own fat—on borrowed time. It is giving up more than it takes in. I wouldn't want to put any of my money in a venture that intended to give it away to somebody else under the guise of doing business—and neither would you.

So, it is the function of industry to produce things at a profit.

But that qualification is not enough. Obviously almost anybody can manufacture goods if selling price is no object. So, selling price is also an object. To the consumer — the customer — it is very important. You and I do not live in a Cost-Plus Society. We have to take into account the fact that the customer wants things at certain prices and he doesn't want them at all at higher prices.

And we can add that the consumer in a free society also has very definite ideas of what kind of goods he wants at the prices he wants to pay. We are not operating like the Russian manufacturer who can make the customer take and like the old, out-of-date and inefficient. So, we can enlarge our definition to say that it is the function of industry to produce goods and services **at a price** as well as **at a profit.**

Frank W. Abrams, until recently Chairman of the Board of Standard Oil Company (New Jersey) once said: "Low costs are the greatest share-the-wealth scheme which man has devised."

But there are still other facets of this subject to be considered.

A very large part of the population of this country works for a living. Many millions of our people work in industry. A company can not operate profitably, efficiently, at low cost without good relations with the people who work for it. From the owner's point of view, it is the function of a corporation to produce goods at a profit—and from the customer's point of view, its function is to produce the right goods at the right price—but recognizing all of this, industry's function above all else, is to provide employment.

It seems to me that we have here the old story of the blind man describing the elephant. The blind man holding the trunk has a different impression than the blind man holding the tail, or the one patting the elephant's leg, or the one feeling the tusk, or the one holding his ear. But these are all parts of the elephant, nevertheless.

In other words, the structure of industry is peculiarly complex.

We must consider other interests, too—the interest of the local community, for example, which has its own ideas of the function of a company, and the various governments, State and Federal and local, which think of industry, very often, chiefly as a source of taxes and as a way of collecting taxes.

And I will add one more—the American people. The nation expects certain things of American industry in peace or in war and it thinks that industry's function is to live up to these expectations (which, in my judgment, it has—magnificently). In time of war, the American people count on industry to produce better than any enemy or combination enemies—and **that** American industry has done. In time of peace, the American people look to American industry to underwrite a strong, dynamic and growing economy—and **that** American industry is doing also.

How Industry Performs Its Functions

Since it is industry's function to produce goods, at a profit, at a price, and to successfully serve a great diversity of interests, **how then does industry perform this complex function?**

The first and greatest asset of a business enterprise is people — including the "doers" who perform the myriad of skilled and unskilled operations incident to the end product of the business, and just as importantly managers and supervisors capable of dealing with the complex problems of industry.

It has become increasingly clear over the years that industry has been developing a management profession in this country—a national corps of trained and able men, capable of performing the tasks of industry on the basis not only of experience but organized knowledge. One familiar evidence is the growing number of graduate business schools and graduate courses in business administration. But there are many other evidences. Industry is spending very large amounts each year training its executive personnel. It is rotating its executives to expand their experiences and broaden their horizons. It is searching continually for able candidates for the high offices—and anticipating its future needs, is contributing even greater financial support and active cooperation to educational institutions all along the line.

I used to think, when I was a young man operating a drill press, how wonderful it would be to get to the top of the company and be my own boss. I could be independent—I wouldn't have to "take it" from anybody. I would have "arrived"!

Obviously this was a foolish dream. Instead of being responsible to one man, you become responsible for great numbers of other people when you become a "boss." And as has been said, the president of a large company today is responsible to just about everybody. He must cope with and successfully conciliate many diverse interests. Getting along with a drill press and one foreman was relatively very simple, I can assure you. The truth, of course, is that as you move up the management ladder, you are increasing the weight of your responsibility. The pay is better at the top because there are so few people who can carry the added responsibility successfully.

In a speech last May before the Executives Club of Chicago, Crawford Greenewelt, President of du Pont, described the attributes of a good executive. He said that "His most important function is to reconcile, to coordinate, to compromise and to appraise the various viewpoints and talents under his direction to the end that each individual contributes his full measure to the business at hand."

I think we should remind ourselves at this point that the job to be done must be accomplished in a dynamic society. This is not a static problem to be solved by

*An address by Mr. Schwanhausser before the Junior Executive Development Conference Series, Newark College of Engineering, Newark, N. J.

CHART #1
FIFTY YEARS' TURNOVER AMONG THE 100 LARGEST CORPORATIONS.

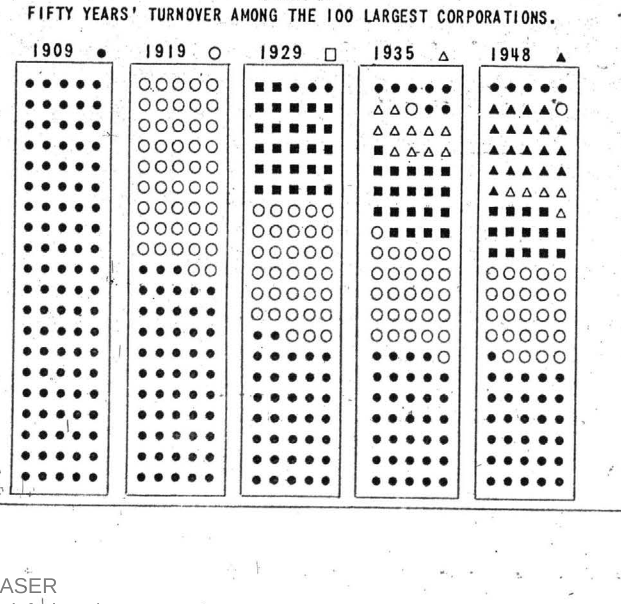


CHART # 2

THE CHANGING SHARES OF INDUSTRIES REPRESENTED IN THE 100 LARGEST CORPORATIONS.
(by assets)

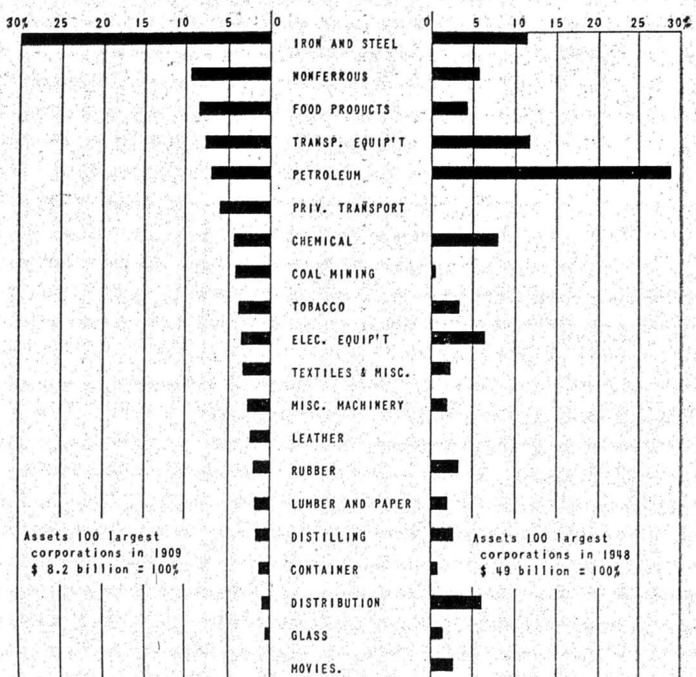
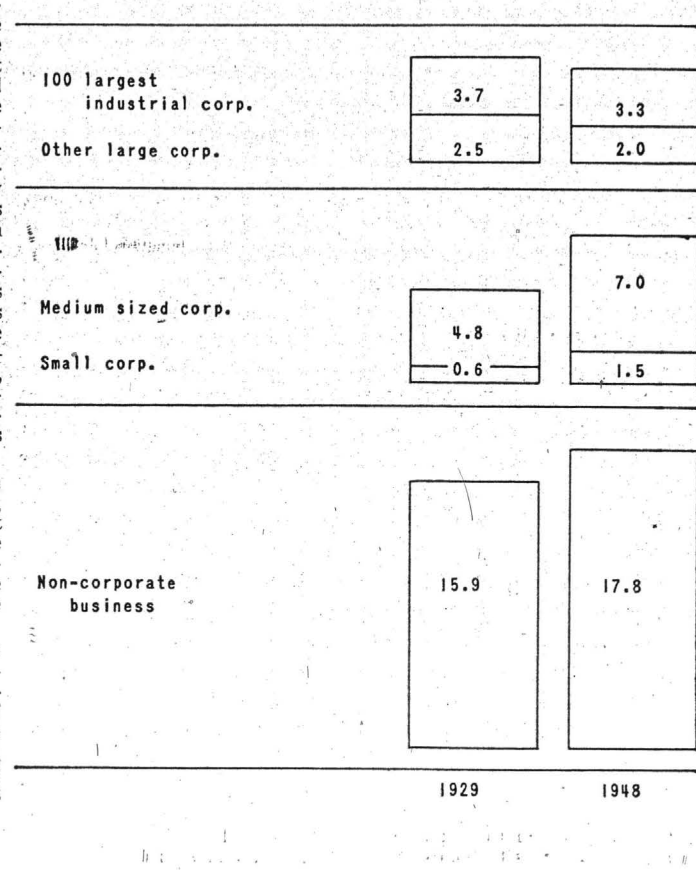


CHART # 3.

PROFITS OF BUSINESS - BY SIZE.

CORPORATIONS (before taxes) AND NON-CORPORATIONS.

(Percent of total national income)



an orderly arrangement of known factors. It is done in a changing world—a society whose chief asset is its flexibility—its willingness to drop the old at a moment's notice and turn to something new if it is better.

It is one thing to change sail and chart a course while tied to a buoy in the harbor. It is another thing to do it in the open sea, with wind and fog and hail and rain and high seas all around you.

I want to urge on you the vital importance of production for the whole of our society—of profitability for the investor—of low costs for the consumer—of good jobs for the employees—of industrial strength for national security—and of trained, professional managers to accomplish these things—but I would like also to urge you to recognize the conditions under which American industry operates and what makes it tick, the third question I posed at the outset of this talk.

Ernest R. Breech, Executive Vice-President of Ford Motor Co. once said in a speech on Management which he called "America's Secret Weapon"—

"The simple truth is that our economy—our American economy—is unique. . . . It is not simply richer, more successful, more productive, more fortunate than others. It is different. . . . The first and most significant characteristic of the American industrial system," he said, "is a willingness—it is more than mere willingness, it is eagerness—to judge the future, prepare for change, and take risks. . . . Anyone who has any knowledge of industries in other countries knows that in many a lack of competition is often one of the heaviest curses laid upon them."

The Element of Risk

It does seem to me that one of the most important observations we can make is that we do not live in a profit economy but in a profit and loss economy. We must recognize that we do not live in a secure world but in a dynamic and changing world—and it is this fact, more than any other, that makes us economically healthy, wealthy and strong.

I want to emphasize the element of risk because many people seem to believe that there is no very great risk in business—especially not when a business gets Big. This leads to an assumption that industry has a security which it can share generously — "guaranteeing" many things which, in fact, it cannot guarantee.

If you are to be thoughtful members of top management in the years ahead and "articulate"—as Clarance Randall in his book "A Creed for Free Enterprise" believes you should be — you had better get as many of the available facts as you possibly can.

What Is Big Business?

There has been a great deal of talk over the years regarding something often called Big Business. In my judgment, this whole question is shot through with misconception.

It is obvious, in the first place, that low unit costs are achieved when you can spread your fixed and related costs over the largest possible number of items. This is the basic theory of mass production and it often encourages—in fact demands—expansion. But expansion leads to many advantages to the customer, sometimes to the shareholder, often to the employee, undoubtedly to the government.

I think the undercurrent of questioning on this subject has its roots in the European cartel approach to industry—which is not the American approach. It expresses a fear that competition will be eliminated by bigness and that the elimination of competition means the end of many of the good things industry does.

One of the most interesting studies ever made of expanding enterprise was prepared by the Brookings Institution. It made quite clear the fact that Big Business is far from secure against risks and big companies are constantly being overtaken by competition. "No company," the researchers say, "is so big that it can ignore the pressure for innovation. Some giants have fallen behind because of a management that dragged its feet or had a vested interest in older methods. In few markets can a company sit back for long and enjoy high margins. The threat of competition, innovation and entry is continuous and omnipresent."

The report covering a five year study, called "Big Business in a Competitive Society," was released in 1953. It took a close factual look at the notion that there are a certain number of large corporations which, by reason of their size and position in their industries, have a kind of dominance and security not available to companies or business enterprises of smaller stature. Chart I discloses some of their findings.

In the first column, you will see 100 black circular dots representing the 100 largest corporations in the year 1909. In the next column, you will see that 47% of the black dots have been replaced by white dots. This means that 47% of the 100 largest corporations in the year 1909 had been displaced from their positions of leadership by 1919. In only 10 years, competition had stepped in and overtaken 47% of the leaders. In the third column, the black squares represent still other corporations which have climbed to the top competitively in the next 10 years, so that the list of the 100 largest corporations in the year 1929 included only 40% of the corporations that occupied the top positions in 1909. Meanwhile, some of the newcomers in the 1919 list have also been replaced and it is interesting to see that three corporations from the 1909 leaders have climbed back into a position of leadership, as evidenced by the black dots at the top of the 1929 column. The process continued so that six years later, in 1953, we find still more newcomers—with a few leaders scrambling back to top positions—and in 1948, the last year studied, the 100 largest corporations have substantially changed again, including only 36% of the original 100 starters:

To me this is a most interesting and illuminating chart.

You can study this question in another way. Chart II shows the changing shares of various industries, judged by their assets, in the total of all the assets of the 100 largest companies. In 1909, their total assets came to $8.2 billion and in 1948, total assets were $49 billion. As you see, Iron and Steel had a little more than 30% of the assets of the largest corporations and ranked first in this regard. In 1948, it was the petroleum industry which had the largest percentage—almost 30%.

Transportation and Equipment, which ranked fourth in 1909, was approximately tied for second place with Iron and Steel in 1948. Notice the gains in the Chemical industry, the Electrical Equipment industry, the Distribution industry.

These bare statistics fail to emphasize certain basic facts of importance, however. Du Pont, General Electric and Westinghouse were all on both lists and increased their relative importance but they did so by revolutionizing their product lines. Standard Oil Co. (New Jersey), which had over. 3/5 of the oil assets represented on the 1909 list, remained at the top in its industry but its assets were now surpassed by the combined total of its own former sister companies as well as by the 10 other oil companies on the 1948 list. Transportation equipment rose from 7.8% to 11.9% of the total, but it was actually a different industry in 1948. The leaders in that year were General Motors, Ford and Chrysler instead of American Car and Foundry, American Locomotive Co. and Baldwin Locomotive Co.

A third chart that will interest you is the story of profits of business by size.

Here you can see that Big Business profits have declined relatively since 1929. The 100 largest corporations accounted for 3.7% of the total national income in 1929; by 1948 the corresponding figure was 3.3% of the national income. Other large corporations also dropped—from 2.4 to 2.0.

Meanwhile, medium-sized corporations and unincorporated businesses contributed a rising share.

Reviewing those three charts, I see little support for the charge that Bigness stifles competition, or that Big Business profits are unreasonable or that Big Companies hold fast to a status quo and stifle change. On the contrary, the record proves that they are a prime mover in change.

I can speak of change with some personal feeling and out of my experience with the corporation with which I have been identified for 39 years. In the year 1840, at the age of 23, Henry Rossiter Worthington invented the first direct-acting steam pump for boats on the famous Erie Canal. Worthington pumps kept both the Monitor and the Merrimac afloat before and after their historic engagement. In fact, there is scarcely an American built ship on the high seas that is not equipped with some Worthington product.

Over the years, Worthington Corp. has grown and diversified until today it touches the lives of far more people than most of you probably know. Water works installations in hundreds of cities and large irrigation projects in California, Colorado and other states, use Worthington pumps and engines. Giant sewage disposal stations in Los Angeles, New York and other communities depend on Worthington equipment. Many of the highways on which you drive were built with air drills or pavers made by Worthington. Over a million horsepower of Worthington gas air compressors pump natural gas from the fields of Louisiana, Oklahoma, Texas and other reserves to the industrial sections of the United States.

The company manufactures thousands of water meters. In air conditioning, it is expanding rapidly to a point where we now anticipate that our air conditioning and refrigeration business will become the largest single division of our operations. We have just built a new plant solely for the manufacture of air conditioning equipment in Decatur, Alabama.

Worthington today has 15 plants in the United States and 12 plants in foreign countries.

You may remember the story of the man who had had the same pipe for a great many years except that he continually had to get a new stem and he frequently had to replace the bowl. Actually, we manufacture today many of the things we manufactured at the beginning of our history but there have been radical changes in the number and diversity of our products and in the number and design, size and character of our products.

We spend millions of dollars on research. I think it may be fair to say that research today is the most powerful competitive weapon employed by companies in almost every industrial field.

Some years ago, the London "Economist" observed, speaking of England: "There is a conspiracy of labor, capital and the State to deny enterprise its reward. . . . The industrialist who discovers a way of making a better product more cheaply (which is what he is sent on earth to do) is deprived by the State of all pecuniary return and by his own colleagues of any social reward. . . . The growth of trade associations, price fixing and profit-sharing devices—the whole apparatus of protection is inspired by nothing so much as by the desire to prevent the bankruptcy of the inefficient—even if thereby the progress of the efficient is itself impeded."

You will note that the London "Economist" considers that the function of the industrialist is to discover ways of making better things more cheaply. We might search for a long time to find a better or a simpler definition of industry's function.

The U. S. Bureau of Labor Statistics, as you know, maintains a Consumer's Price Index. Since it is designed to show changes in the current cost of living, it is composed of the index levels of all articles that enter into the cost of living in an important way. This index—compiled for "moderate income families" — has for years included such things as radios, electric sewing machines, electric refrigerators, vacuum cleaners, automobiles and other items over and above necessities of life like food, clothing and shelter.

The Bureau of Labor Statistics has felt for some time that this index was not sufficiently complete, that it failed to include certain additional items which are important enough materially to affect the cost of living. These have been added. They include television sets, electric toasters, frozen foods, canned baby foods, home permanent-wave lotions, and group hospitalization contracts!

When the list was made public, the New York "Herald Tribune" wryly remarked, "What, no caviar?" "Fortune" magazine after analyzing the list, made this interesting comment:

"It is perfectly evident from the above list that it is not the capitalists who are using the people, but the people who are using the capitalists. Capital has become, not the master of this society, but its servant." "Fortune" went on to show that four out of every 10 American families possesses at least $5,000 of assets over liabilities, and that nearly one family in 10 has net assets of $25,000 or more. "Fortune's" conclusion was: "It is not just a capitalistic system. It is a capitalistic people."

It seems to me that we have now been able to answer the second and third questions we asked ourselves at the beginning of these remarks:

How does industry perform its function? and

Under what conditions can it best perform that function?

We have concluded that industry performs its function through the instrumentality of an increasingly capable and trained corps of managers—a professional corps using not only its native abilities but well-organized knowledge.

It seems to me that the conditions under which it can best perform its function are also clear. Managements must be free to use their energy, judgment, enterprise, imagination to the maximum. Undue constraints by government, by organized labor, by local communities, by shareholders—and note I say "undue" constraints—diminish the capacity of industry to deliver for the national good. Cartelism is bad because it limits the abilities of management and in the end produces incompetent managers. Socialism is bad for the same reason. The Russians are beginning to realize that Communist dictatorship is stultifying too. "Fortune," a few years ago, described the administrative structure of the Soviet coke-chemical industry in these words:

"The Commissar of Ferrous Metallurgy was responsible for most iron-ore mining, all blast furnaces, open hearths, blooming, rolling, and merchant mills, and all coke by-product plants in the

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Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

It seems as though the financing operation by the Treasury was what was needed to clear the atmosphere around the Government market. Prices pulled out of the rut which they had been in even though the new note issue is getting most of the attention. There is, however, a good demand in the market for the outstanding obligations, especially those in the more distant end of the list. Institutions that are not too greatly interested in the new medium-term issue, have stepped up their commitments in the higher coupon Government obligations.

The very favorable reception which was given to the four-year nine-months' note, was not unexpected since the money market had been built up to take care of just such an offering. Even though the money market is easy and in a position to well absorb the new money financing of the Treasury, the feeling is as strong as ever that some change in reserve requirements is not very far away.

New Note Issue Well Received

The announcement by the Treasury that $2,000,000,000 of new money would be raised to finance the deficit was in line with expectations. However, the offering of a four-year nine-months' 1⅞% note as the medium through which the new money would be obtained was not expected by the financial district as a whole. Nonetheless, the reception which the new note received attests to its attractiveness. To be sure, there was some skepticism about the new obligation when the terms were first made public, but this faded away rather rapidly because the easy money policy makes the new issue fit right into the market pattern very nicely.

The 1⅞% note which matures on Feb. 15, 1959 is made to order for the commercial banks, and in making commitments in the new obligation these institutions will be creating new deposits, which are purchasing power. There is a definite downtrend in commercial and instalment loans and this extinguishes deposits, which is deflationary in character. The new deposits which will be brought into being by the cash borrowings of the Treasury will in some measure offset the decline in deposits which has come about through the repayment of loans.

Treasury and Reserve Working Together

The fact that the Treasury used an intermediate-term obligation to raise new money appears to be further evidence of the close cooperation which has been going on with the Federal Reserve authorities. The monetary policy as administered by Federal has been directed mainly at helping the economic picture. This has resulted in easy money conditions with the view in mind of stimulating investments in mortgages and other obligations so that the trend of business might be reversed. To be sure, borrowings by the Treasury have also been a very important part of the program which Federal has been carrying out.

Accordingly, the easy money pattern of the powers that be has not been unfavorable, either as far as the rates at which the Treasury has been able to borrow new money or refund matured and redeemable issues. It was only about a year ago when the Treasury had to pay 2⅝% for one-year money, whereas the present borrowings are being done at 1⅞% for a four-year and nine-months obligation and 1⅛% for the one-year issue which is also being used for refunding purposes.

"Hobson's Choice" for Some

The owners of the 2⅝% certificates which mature on June 1 are given the option of taking either the 1⅞% note or the 1⅛% certificate in exchange for the issue which was put out approximately a year ago. It is believed that the Feb. 15, 1959 note will be taken by most of the owners of the June 1 certificate, although there will be instances in which liquidity will dictate that the 1⅛% one-year obligation will be taken in the exchange offer. As far as the June 2s and the two issues of 2¼s are concerned, there is the option of taking the 1⅛% certificate or cash. Under present money market conditions, it seems as though the owners of the 2s and 2¼s have only "Hobson's Choice," since cash is not the most desirable thing to have at this stage of the game.

Stimulating the Economy

The Treasury by tailoring the new money issue as well as the refunding obligations to the needs of the commercial banks is leaving to non-bank investors the financing of the other segments of the economy. This means that mortgages, corporate, state, municipal and revenue obligations should find a better demand from those investors whose needs are not best served by the present offering of the Treasury. It seems as though the powers that be are doing something about trying to stimulate the economy through monetary measures.

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The Security I Like Best

turing and sales. Then he was President at Marathon Paper Corp. for two years before joining Pabco. He's a top-notch executive—a builder of companies. Several of his former team-mates at U. S. Gypsum are now with Pabco too. It's a fine team. And it will make Pabco even greater.

Mr. Keady is such a firm believer in Pabco's future that he took an option on 50,000 shares of Pabco stock at $17 a share when he was named President. At that time, Pabco was selling at about 14. He bought several thousand additional shares in the open market.

(7) **Pabco Will Grow With the West:** Pabco has paid dividends each year for at least 31 straight years. Last year's payment was only 25 cents but a material increase in dividend payout is believed probable as time goes on. Over the past 15 years, dividends have averaged 77 cents per share annually.

Earning power could expand substantially in future years, with reported net possibly climbing above the $2 per share mark and "consolidated" net, including Pabco's full share of Fibreboard's earnings, above the $3.25 per share level.

The long-term outlook for building activity in Pabco's area is outstandingly bright. The Western United States is going to grow and grow and grow. Pabco's earning power seems to have resumed its decided long-term uptrend and the tremendous value of the Fibreboard holdings will pay off handsomely. Financial position has shown remarkable improvement over past months and at the end of 1953, current assets were over 10 times current liabilities. Cash alone was 2.7 times current liabilities, a very excellent ratio.

Pabco believes in the well-being of its shareholders. Its products are popular with the public. Its management is superior. Certainly, Pabco appears to be an outstanding "Grow-With-the-West" stock.

KUNO B. LAREN

Shearson, Hammill & Co., New York City
Members New York Stock Exchange

Loblaw, Inc.

As if without the financial fraternity noticing it, Loblaw, Inc., a grocery chain, has grown into one of the major U. S. retail operations.

Kuno B. Laren

Sometime next week, Loblaw, Inc. is expected to publish its fiscal 1953 report showing sales of around $165 million, more than a five-fold increase over the $32 million rung up in 1945, and a net of $1.7 million or $4.75 per share.

Loblaw, Inc. operates a chain of some 140 supermarkets located in the northeastern part of the U. S. (N. Y., Pa., N. J.) within about a 100-mile radius of Buffalo. The company's capitalization consists of $2.8 million in debt and 351,492 shares of common. Of the latter, 199,627 shares are held by Loblaw Groceterias, the largest grocery chain in Canada. Loblaw, Inc. is currently on a $1.25 dividend basis, a pay-out ratio of less than 30% of last year's earnings. A look at the Feb. 28, 1953, balance sheet indicates that working capital ($4.5 million), although adequate for Loblaw's predominantly cash-and-carry type of business, was somewhat tight considering the company's rapid growth and some long-term financing (possibly in the form of debentures) may be undertaken. This should ease the pressure on working capital and pave the way for a higher dividend pay-out.

Loblaw, Inc. common, currently quoted 40-41 in the Over-the-Counter Market, is in my opinion selling at bargain price. The following facts support this contention:

Loblaw's business is highly depression-resistant. In good times as in bad, people must eat. This common sense observation is borne out by the long-term record of stable earnings and dividends of grocery chains. What is perhaps less commonly known is that in periods of recession, food chains are often able to show **increased** earnings and sales reflecting the tendency of housewives to abandon the neighborhood grocer and go bargain-hunting in a supermarket when the pay check gets skimpier. Of eight leading chains in the country, seven posted higher net in 1949 (the latest "off year") than in 1948. Loblaw's income rose from $3.37 per share in 1948 to $4.46 in 1949.

Loblaw's growth has been extraordinarily rapid. The company's year-by-year sales figures since 1946 (in millions) are as follows: $31.7, $46.3, $62.7, $71.9, $78.8, $93.7, $111.7, $134.3 and around $165 (million) last year. Taking 1946 sales—the first post-war year — as equal to 100, Loblaw's sales index last year was equivalent to 356. This compares to an index level of about 330 for Food Fair—the recognized growth company in the food chain business. Possibilities for expansion of sales in the area serviced by Loblaw, Inc. are by no means exhausted. The New York State super-highway system is likely to give a considerable business stimulus to the area, as are the developments associated with the St. Lawrence Seaway.

Loblaw has a strong competitive position. The stores are modern in appearance and equipped with parking space, self-service meat counters and other conveniences. Sales per store amount to about $1.2 million which compares favorably to the $800,000 average of leading chains. Sales of high-markup non-grocery items (drugs, cosmetics, etc.) are significant and partly explain the fact that Loblaw averaged 1.8% net of sales after taxes 1946-50 as against an industry "normal" of 1.5%. In addition a number of Loblaw's stores, possibly as many as 30% of them, are in small towns where competition is limited to family-type, small groceries.

The company's earnings have been held down, since 1951, by OPS controls and heavy taxes. EPT payments alone last year were in the order of $1 per share and the demise of that tax in January should help future profits considerably. At the current level of sales ($470 per share) and remembering that efficient grocery chains can net 1.5% of sales under normal tax conditions, Loblaw's profit base, as of now, is about $7 per share. With an allowance for further sales growth, would it not appear logical to apply an earnings multiple of 15 to a business that shows the ability to expand 20% a year as has Loblaw? As the stock becomes better known the 150,000 shares floating supply of the small common capitalization may offer a bargain even at double its current market evaluation of $6 million. For a combination of defensive strength, as well as vigorous appreciation potential, I know of no other equity that can equal Loblaw, Inc. common here.

Exch. Firms Govs. to Meet in Boston

BOSTON, Mass.—The Board of Governors of the Association of Stock Exchange Firms will convene at the Somerset Hotel in this city on May 12 for its annual spring meeting. Sessions will conclude on May 14. This will be the first time the Board as a group has met in Boston since 1948.

Horace W. Frost, resident partner of Tucker, Anthony & Co., is President of the Association and is supervising arrangements. Of the 35 members of the Board representing the securities industry from 19 leading cities, 31 are expected to attend.

On the evening of May 12 the Board will join with the New England Group of the Investment Bankers Association at a dinner at the Somerset Hotel being held in conjunction with their spring meeting.

Renshaw Now Partner In Rodman & Linn

CHICAGO, Ill. — On May 1 Charles C. Renshaw became a partner in Rodman & Linn, 209 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Renshaw was formerly a partner in Mitchell, Hutchins & Co.

Henry R. Bracken II With J. R. Williston Co.

(Special to THE FINANCIAL CHRONICLE)

MIAMI BEACH, Fla.—Henry R. Bracken II has become associated with J. R. Williston & Co., 631 Seventy-first Street. Mr. Bracken was formerly with Barham & Co. and Thomson & McKinnon in Florida. Prior thereto he was with Westheimer & Co. and Merrill Lynch, Pierce, Fenner & Beane in Columbus, Ohio.

Joins A. B. Hogan, Inc.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Albert Zugsmith has joined the staff of Arthur B. Hogan, Inc., 10575 Wyton Drive, members of the Los Angeles Stock Exchange.

With Hill Richards

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Ernest J. Markham is now with Hill Richards & Co., 621 South Spring Street.

THE MARKET . . . AND YOU

By WALLACE STREETE

A lot of backing and filling took place in the stock market this week but it was a logical development after recent strength. The fact that a consolidating phase, rather than a reaction, followed the recent awakening by the rails was considered a favorable omen.

* * *

The long-depressed rails needed little in the way of correction after finally breaking through to a new high for this year. Consequently they outperformed the industrials rather steadily which is a tale that hasn't been possible in well over a year. The carriers still have a long way to go before besting the near-identical tops of 112.21 of 1953 and 112.53 of 1952 before their comparison, like that of the industrials, will reach back to the wild days of 1929-30.

* * *

What finally spurred the rails into confirming action is still pretty nebulous, so the general feeling is that the poor first quarter results are now history and seasonal improvement is bound to build up more favorable comparisons from here on out. It is a somewhat selective show of strength, the Eastern roads sharing little in the new upsurge, although Atlantic Coast Line showed good ability to be a sprinter at times.

* * *

Coast Line's Performance Unique

Coast Line, as a matter of fact, is a somewhat unique rail in that it is selling today at a higher price than it posted at the top of the 1946 bull swing, which rise was far more general than the current uphill climb. Its best eight years ago was a bit over 80, some 20 points under its going level this week. Santa Fe, by comparison, is some 20 points under its 1946 best. Both are far below their 1929-30 levels and are only now in a position to test their 1952 highs.

* * *

It was something of a revival too—for different reasons—with Chrysler, which has been anything but a favorite since its 36-point tumble of last year, a trim of roughly a third in value. A bit of a rush to cover short positions in advance of today's dividend meeting gave the long-sick stock some bright moments of unusual strength. The shorts have been active in Chrysler for months, and the April report showed a total position on the short side of almost 97,000 shares, which was 23,000 more than second-place General Motors. The fear was that if the company could muster one more regular payment it would cost the shorts dearly. Incidentally, the poor action by the independent auto makers furnishes a leading example that the near-record high standing of the industrial average doesn't begin to tell the full story.

* * *

Blue Chip Profit-Taking Mild

The quality issues that have done all the work in the "blue-chip bull market" of this year not only were entitled, but seemed determined to rest for a bit. Profit-taking in such as du Pont, General Electric and Douglas Air was mild and the group did little decisive.

* * *

Steels, too, were inclined to coast although some in the group, notably Sharon Steel, were handled a bit roughly on poor first quarter earnings statements. Sharon gave up a handful of points in a couple of sessions to post its poorest price since the 50% stock payment of 1950. Wheeling Steel also wiped out all of the progress made in the last four years.

* * *

American Telephone continued to ignore all worry and forge ahead in a restrained but convincing manner. It posted another new high early in the week and by forging through 169 was at the best level since the 174 of 1947. Some of the interest could be ascribed to a growing popularity with institutional investors largely because it returns better than 5% against only a shade above 3% for such recent favorites as Dixie Cup, Ex-Cell-O, Allied Chemical, Westinghouse and Humble Oil as well as the blue chips that have been leading the market uphill.

* * *

High-Yielding Rails

By way of illustrating the railroads' recent sluggishness, yields of 7% or more include those of Santa Fe, Southern Rail, Southern Pacific, Kansas City Southern and Louisville & Nashville; while 8% or more was offered at recent prices for Great Northern, Nickel Plate and Norfolk & Western. Part of the rail resurgence, too, could be due to some institutional interest in the group. The "dean" of the funds, Massachusetts Investors Trust, during the first quarter added to its holdings of Santa Fe and Union Pacific, for instance.

The aircrafts were out of favor somewhat although Northrop as a "special situation" was able to make some fair progress. The earnings statement for the current period isn't expected to be overly cheerful. But a sharp upturn is expected subsequently as a new plane goes in production, so the buying was rather anticipatory.

* * *

Coca-Cola International, the highest priced stock that appears in organized trading, straggled to one of its few annual appearances at $965 which, since the issue is convertible into eight shares of Coca-Cola Co., put a little weight on the junior issue which was selling a dozen points above the equivalent value. The International issue is another instance where its price belies the story the averages tell. The issue reached its all-time high at $1,332 in 1948 and last appeared above the thousand-dollar line in 1950. From there it dropped a couple of hundred points making its postwar low in 1951. Earlier this year it worked back to $976.

* * *

Notes of Caution

General Street sentiment continues to lean to the bullish side by roughly two-thirds. There is a bit of disappointment that the rails confirmed the "bull" market signal without generating far wider public interest. And because the industrial standing is so lofty, there is a bit of caution in most of the market opinions. A minority view is that all the constant reiteration that the market is now at the highest level "since 1929" is deterring the general public from "another 1930-32 bust." A more important factor might be that not too many traders are pocketing gains because the better than 20% advance in the last eight months has been ultra-selective.

* * *

Almost completely lost to sight is the fact that a "bear" signal was supposed to have been given last September which, far from generating volume selling because of the ominous implications, lasted only a day before the current upturn began. In short, all the traditional yardsticks of stock market behavior will have to be recalibrated if institutional demand is going to be the prime force from here on as it has been since last Fall.

[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.]

Some Newly Arrived Elements Of Risk to Stock Market

By BRADBURY K. THURLOW

Talmage & Co., Members of the New York Stock Exchange

Market analyst, commenting on the unevenness in market fluctuations of individual stocks, foresees likelihood of recovery in issues which have shown the anticipated loss of earnings, but which now appear to be stabilized. Says most important risk stems from our involvement in Southeast Asia, and warns that churning, active markets, such as we have had recently, are often a forerunner of change.

B. K. Thurlow

At a time when recent gyrations in stock prices following a long advance have again drawn the attention of thoughtful people to elements of risk in the overall picture, it seems like a good idea to analyze some of these elements. They are not quite the same as they were eight months ago.

First of all, widespread predictions of impending economic disaster have been replaced by a growing confidence that the old-fashioned business cycle has lost much of its force and that activity in most businesses has, in any event, reached something approximating a bottom. In the stock market this feeling has shown itself in the most traditional manner: a sharp improvement in the price of those stocks which nobody expected to be hurt when, as and if a decline in business took place.

It now seems logical to look for a recovery in some of those issues which dropped sharply in anticipation of hard times, but whose business has proved more stable than expected. And there are numerous signs that such a recovery is underway in groups like the steels and coppers which were sold so heavily (and apparently hastily) last fall.

Lastly, one would look for a rise in those issues which have shown a loss in earning power as anticipated, but which now appear to be stabilized and pointing toward recovery rather than further decline.

The question which naturally follows is whether stocks in the first category, which are now in many instances selling at all-time high prices and providing nominal income yields, will continue to improve as investment interest shifts to issues in the second and third groups. This is the question that brings us back to the analysis of some of the newly-arrived elements of risk.

The most important risks, as we see it, stem from the probability of our military involvement in Southeast Asia during the next few months. It may be comforting to believe that the conservative policy is to ignore the threat since we are all in the same boat and will be able to revise our investment policy along with everyone else when the actual news breaks. The outbreak of the Korean War (it is argued) afforded such an opportunity and there is no reason to believe this will be any different.

Economically it may not, but over and above a nasty habit the market has had for some time of refusing to accommodate the preconceived ideas of the man in the street, one must acknowledge that Korea came like a bolt out of the blue, while a deterioration of affairs in Indo-China would hardly come as a surprise. It is not impossible that a few investors may already be putting their houses in order for such an economic change as might take place.

This seems like a particularly attractive supposition when one considers that the transition to a war stimulated economy would merely serve to emphasize trends which appear to be already in operation: namely, to increase the attractiveness of some of the "cyclical" issues which received such heavy liquidation last fall. There is, however, a negative aspect to the threat of Southeast Asia which is not present if that threat is ignored; namely, a substantial lessening of the investment appeal of those "non-cyclical, growth" issues which have dominated the rise since September.

Churning, active markets such as we have had recently are often the forerunner of change. In my opinion this is a good time to see how well one's investments are protected against all possibilities,—including those suggested every day in the headlines of all our newspapers. For some peculiar reason no one seems to take them seriously.

R. Macdonald Named To Head Bond Club

R. H. Macdonald

Ranald H. Macdonald of Dominick & Dominick has been nominated for President of The Bond Club of New York for the coming year to succeed Wright Duryea of Glore, Forgan & Co. The election and annual meeting will take place at the Bond Club Field Day on June 4. G. H. Walker, Jr. of G. H. Walker & Co. has been nominated for Vice-President to succeed Mr. Macdonald. Joseph Ludin of Dillon, Read & Co. Inc. has been nominated for Secretary and Ernest W. Borkland, Jr., of Tucker, Anthony & Co. for Treasurer.

Nominated for new members of the Board of Governors for three-year terms are Harold H. Cook, of Spencer Trask & Co., John W. Dayton, Jr., of Clark, Dodge & Co., and Wickliffe Shreve, of Hayden, Stone & Co.

Miss Truhler With Paine, Webber Co.

ST. PAUL, Minn.—Miss Marcella Truhler has become associated with Paine, Webber, Jackson & Curtis, Pioneer Building, as a registered representative. Miss Truhler is the only woman registered representative in St. Paul. She joined Paine, Webber, Jackson & Curtis in May, 1953 in California, coming to St. Paul last November.

Joins Field Staff

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore. — Harold A. Chase has joined the staff of Field & Co. Inc., Cascade Building.

A Banker's View on Sound Money

By J. H. FROST*
Chairman of the Board, Frost National Bank, San Antonio, Tex.

Restricting the term "sound money" to currency consisting of, or redeemable in a definite quantity of a material thing having a value in the markets of the world, independent of government fiat, Mr. Frost stresses the adverse effect of irredeemable and inflated currency on the banker as well as on other segments of the economy. Warns continuation of our irredeemable currency system can only result in a dangerous state of affairs. Scores belief in the effectiveness of a managed currency system, and points out since irredeemable currency can bring violent changes in supply of credit, it affects adversely the banking business.

Since in this discussion I will frequently be using the term "sound money" and since the Treasury Department and the Federal Reserve Board have indicated that money is sound when so managed that we have a stable price level, I should like to state that "sound money" as used herein is money consisting of, or easily and certainly redeemable in, a definite quantity of a material thing having a value in the markets of the world independent of government fiat. It is my belief that the proposed Bridges gold standard bill fulfills the conditions requisite to soundness and that any form of irredeemable paper is the antithesis of soundness, no matter how "managed."

J. H. Frost

It is difficult, if not impossible to show that there is much if any difference in the effects of monetary policy on the banker as compared to the rest of the population. The kind of money used in the operation of our economy is either beneficial or detrimental to the entire economy, which includes bankers as it does everybody else, and I can see no conflict of interest between bankers and other elements of the population. If we destroy, or create chaotic conditions in, our economy by an overissue of non-redeemable money (which includes deposits) no segment of the population will escape disaster. When the "flight" from money occurred in Germany in the early '20s, even those speculators who had borrowed large amounts to put into real estate and "equities" were destroyed by the complete collapse. It is not a contest between creditors and debtors but a question of economic welfare and preservation for all.

Bankers' Responsibility

Nevertheless, there is some difference in the responsibility of bankers as compared to others of the general public. Whether it should be true or not, the mass of people are usually quite ignorant or rather quite unconscious of what constitutes sound or unsound money and therefore are in no position to evaluate or appraise the effects of sound or unsound monetary policy. They have entrusted their funds to the bankers of the country and rightly or wrongly rely on their knowledge, experience, and judgment to influence national monetary policy. Therefore, it is my opinion that the responsibility of bankers is very great. It is true that under present law a banker has discharged his obligation to his depositor when he stands ready to deliver paper dollars not convertible into gold. I recognize, of course, that Congress has the final responsibility for the nature of the monetary standard and system which our people shall have, but I am convinced that morally, although not legally, the banker has the obligation to protest against unwise legislation in the field of money and banking and to plead in behalf of those who have expressed their confidence in him by placing their funds in his care.

It is hardly necessary at this late date to present to this Committee either arguments or statistics to convince them of the fact that the 1933 suspension of redemption and the following 21 years of operating our economy on an irredeemable currency bas s has resulted in the creation of huge obligations on the part of the Federal Government and all subordinate government entities (states, counties, cities) in addition to a very large volume of deposits in the banks of the country none of which obligations are payable or redeemable in gold—the commodity of most universal marketability.

It should not be necessary to produce further evidence or persuasion to convince any intelligent person that a continuance of our irredeemable currency system can only result in perpetuation of an unsound and probably ultimately dangerous state of affairs in the field of money.

Pledge vs. Performance

If anyone is so credulous as to believe that the money managers will reverse the trend, I should like to refer to the record of what happened when the new Republican Administration came into power, and I suggest that you bear in mind that the platform of 1952 pledged a return to a currency redeemable in gold. Nothing was done to reduce the money supply although support of the government bond market at a fixed level was withdrawn. Business was booming and there was a strong demand for bank loans. There was no shortage of loaning power on the part of the banks; but in order to meet the demand for credit it was necessary for them either to dispose of a corresponding amount of government securities or to avail themselves of the rediscount privilege at the reserve banks. This condition naturally resulted in a rise in interest rates and a drop in the price of government bonds. As a result of these natural phenomena there arose a widespread vigorous protest over "hard to get" money, and I regret to say that many of the large banks of the country were bitter in their complaint that the new policy had depreciated to an uncomfortable degree the market price of their government security holdings. The result of these protests was a prompt return to the "easy to get" monetary policy of the previous Administration.

It's the same old story of every inflation based on irredeemable money. Once the pleasant effects of the poisonous drug have been felt there seems to be no way of "tapering off." The end, of course, will finally be reached, but the longer the inflation lasts the more severe the penalty and the more difficult the return to soundness.

Is it possible that the economic progress of the United States has been made under a handicap of a sound redeemable money system and that it would have been greater and more permanent under a system of irredeemable paper with no obligation on the part of the government that it redeem its promises? As to the effects of irredeemability on the banking business, as I said in the beginning, we are able to settle our legal obligations with the same type of paper money used by everybody else; but since changes in the policy of the money managers can bring about such violent changes in the supply of credit, we are constantly in the position of attempting to guess correctly what their policy will be from day to day instead of attempting to gauge the effects of natural phenomena such as the movements of trade, production, supply of and demand for credit, etc. Even when natural events are permitted to produce natural results, bankers are unable to avoid errors in judgment; but when some individual or small group can issue or manufacture out of thin air unlimited amounts of legal tender money which never has to be redeemed, bankers are bewildered and unable to make well-grounded plans.

Convertibility Must Not Be Delayed!

Finally, as to the practicability of a return to redeemability, we are fortunately still in a position where the ratio of our gold holdings to total deposits and currency is sufficiently high to justify complete confidence in the success of redemption. But if the present "easy to get" money policy of the money managers is continued much longer the ratio may in due course become too low to permit redemption. If we allow the present policy and trend to continue much longer, I suggest the possibility of a "flight" from currency, a resulting high degree of economic chaos, and the ultimate necessity of rebuilding our economy from a condition of economic and possibly political chaos. If we are destined to learn such a lesson the hard way—and it is a very old lesson—it seems reasonable to suppose that then we will understand the necessity of building on the basis of a sound redeemable money. We should be able to spare ourselves that lesson and that necessity.

I recommend as strongly as possible the prompt passage of the Bridges bill as the one best hope of preserving the American system of a free economy.

*A statement by Mr. Frost before the Subcommittee of the Senate Committee on Banking and Currency, Washington, D. C., March 31, 1954.

Orvis Bros. Opens Branch in Chicago

CHICAGO, Ill.—Orvis Brothers & Co., members of the New York Stock Exchange, Chicago Board of Trade and other principal security and commodity exchanges, announces the opening of an office in Chicago in the Board of Trade Building, 141 Jackson Boulevard, which will be under the management of Taras Hallas.

Establishment of the new office will enable the firm to clear directly its business on the Chicago Board of Trade and at the same time provide facilities for more efficient handling of its securities business in the Chicago area.

With this addition the Orvis firm now operates 13 offices, located in the east, south and midwest. The principal office is in New York.

With Greene & Ladd

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Ohio — Thomas D. Rapkin has become affiliated with Greene and Ladd, First National Bank Building.

A Balanced Budget Alone Will Not Produce Sound Money!

By H. J. STUHLMILLER*
State Savings Bank, Fontanelle, Iowa

Midwestern banker, in contending restoration of the gold standard transcends in importance all other issues confronting the nation, points out the inducements in our irredeemable currency system to excessive government spending and the inflation of bank deposits. Says a balanced budget alone will not create a sound money situation or restraint on wasteful government spending, and points to monetization of the National Debt as a source of inflation.

I believe that this bill, S. 2332, restoring the golld coin standard should be passed. Now is the time. If you wait until a public flight into tangibles takes place, it will be too late.

H. J. Stuhlmiller

I am convinced that this issue transcends in importance all other issues confronting the American people today. The responsibility for its solution rests upon the Congress. Courage to act must come from your own willingness to look down the road that irredeemable currency is taking us.

I am confident that the American people are a good deal like my people back home. They know that something has happened which has completely altered the course of our nation's destiny. But they are still in the dark as to what is actually responsible for this change. They are puzzled.

Those who recall the period before 1933 remember that Federal finances were handled much differently at that time. I remember that our Congressmen were criticized for wastefulness when they mailed small packages of garden seeds to their constituents. Now, how different it is!

Today the people see the government operate as though it makes no difference whether receipts from taxation cover expenses. The government doesn't run out of money to spend. The people express concern but, do not understand the implications, or what to do.

Debt Monetization

They do not know that much of the money that our Federal Government requires above its receipts from taxation is obtained now by means of simple bookkeeping entries. This is called "monetization of the Federal debt."

The Treasury simply delivers government bonds to the commercial banks, and the banks write a credit to the checking account of the Treasury, just as though the Treasury had deposited actual money.

On the other hand, when the government sells a bond to an individual or a corporation the bank takes the amount from the account of the individual or corporation, and credits it to the government's account. No new money is created.

In the first instance, bank deposits are inflated. The result is inflated bank deposits, rather than large issues of printing press money. Thus, the cause of the deterioration of the purchasing value of our money is hidden from the people.

States and local governments have to finance their deficits by consent of the people, whereas monetization of Federal debt by our Federal Government requires no vote of the people — neither does it even require approval by Congress.

The operation of the gold coin standard would give to the people the power of restraint. The knowledge that the people have this power, even though they do not exercise it, is the silent yet effective support that you Senators and Congressmen require and deserve. The gold standard, and nothing else, will give you that support.

My people are alarmed because the money they have been saving, as well as their life insurance and their maturing "E" bonds, does not go very far now. Many have worked and saved and thought they had enough accumulated to retire. Now they find that they have to resort to old age pensions, with the disappointment and loss of self-respect that goes with being dependent upon government. And they don't know what is coming next—a little more inflation or a lot—and I can't counsel them with any assurance.

The public does not see the relationship between their situation and the monetization of Federal debt. Yet it has watched this vicious process continue for two decades with no effective restraint.

Repeating New Deal Sins

Already it is suspected that the same monetary medicine that the previous Administration used to raise the price level—and which finally did so with a vengeance—is being used again by the present Administration.

I am sure you gentlemen know that our resort to a paper money basis in 1933-34 is the root cause of this situation. Likewise, I am sure you know that we cannot have sound and honest money until our paper currency is again redeemable in coins of gold—the metal that is already standard in our dealings with foreign countries.

You know yourselves that the public has neither the time nor the ability to comprehend this issue.

Consequently, you cannot expect the people to bring pressure upon Congress to restore the gold coin standard.

I know there are many prominent citizens who still nurse the delusion that balancing the budget provides the people with sound money. Not so.

Balancing the Federal budget is desirable. But without the restraining influence of redeemable currency, it is impossible to realize that aim except for brief intervals.

Even if the budget were balanced, the monetization of our Federal debt goes on.

With a balanced budget, Federal debt held by the public can still be transferred to the banks. And, with even greater tragic consequences, Federal obligations held by the banks could be transferred to the Federal Reserve.

Passage of this bill will be an effective brake on deficits and debt monetization. Yet it will preserve intact the original powers of the Federal Reserve system and allow it to expand and contract

*Testimony by Mr. Stuhlmiller on the Gold Redemption Act of 1954 before the Subcommittee of the Senate Committee on Banking and Currency, Washington, D. C., March 31, 1954.

the money supply within legitimate limits.

The decision to return to the gold coin standard should be made by the elected representatives of the people, the Congress—and not by the Treasury.

This responsibility is placed directly upon Congress by the Constitution.

You gentlemen are trying to resist the demands of the pressure groups; you are trying to eliminate waste in Federal spending; you want to restore Federal finances to a sound basis; you wish to protect the purchasing power of your people's savings—yet you are like firemen fighting a fire with an empty hose. Without redeemable currency, you are compelled to stand by without the help of the people whose support would enable you to quench the flames of inflation.

The passage of this bill will give you silent, positive, irresistible support at the grass roots of the nation in your fight for economy. It will give the American people a sound and honest dollar, which their vigilance and yours can make permanent.

Wisconsin El. Power 3 1/8% Bonds Offered

Kuhn, Loeb & Co. and American Securities Corp. yesterday (May 5) offered $20,000,000 of Wisconsin Electric Power Co. first mortgage bonds, 3 1/8%, series due May 1, 1984, at 102.461% and accrued interest, to yield 3%. The two firms won award of the issue at competitive sale on Tuesday on a bid of 102.271%.

Net proceeds from the sale of the bonds, and from concurrent sale of 421,492 additional common shares to holders of outstanding common stock, will be used by the company in part to meet the cost of construction of extensive additions and improvements to its utility plant and to reimburse its treasury for capital expenditures previously made. Increasing demands for service on the company's electric system have resulted in a construction program for the years 1954 through 1956 which is expected to cost $100,000,000.

The bonds will be redeemable at regular redemption prices ranging from 105.47% to 100.19% and at special redemption prices receding from 102.47% to 100.13%, plus accrued interest in each case.

Wisconsin Electric Power Co., with its principal office in Milwaukee, is engaged in the generation, transmission, distribution and sale of electric energy in an area of approximately 4,000 square miles in southeastern Wisconsin, including the City of Milwaukee, where the company also supplies steam heating service in a limited downtown area. Population of the territory served is estimated at 1,367,000. The company also owns all of the common stock of three subsidiary companies, Wisconsin Michigan Power Co., Wisconsin Natural Gas Co., and The Milwaukee Electric Railway & Transport Co.

For the year 1953, the company and its subsidiaries reported consolidated operating revenues of $83,680,004 and consolidated net income of $10,286,837, equal to $2.16 per common share.

New W. E. Hutton Branch

BURLINGTON, Vt. — W. E. Hutton & Co., members of the New York Stock Exchange, announce the opening of an office in the Burlington Office Center, Burlington, Vt., under the direction of Edwin H. Blakely, where the firm will conduct a general investment business in corporate and municipal bonds, stocks, commodities and mutual funds.

H. Hentz & Co. Merges With A. W. Morris Co.

The New York Stock Exchange member firm of H. Hentz & Co. has announced effective May 1, the consolidation of their business with that of A. W. Morris & Co., Beverly Hills, Calif. This gives H. Hentz & Co. its first direct branch on the Pacific Coast, and represents an extension of a wire system including Chicago, Pittsburgh and Detroit, as well as Miami Beach and several other Florida cities. H. Hentz & Co. has important European offices at Geneva, Switzerland and Amsterdam, Holland, with correspondent relationships in several other countries.

A. W. Morris & Co., a member of the New York Stock Exchange, has been in business in Southern California since 1913, originally in Los Angeles and more recently in Beverly Hills, doing a general brokerage business, and providing a wide variety of facilities for clients.

H. Hentz & Co., one of the oldest investment firms in Wall Street, will in 1956 celebrate its 100th anniversary. Originally a commodity firm, and among the charter members of the New York Cotton Exchange, H. Hentz & Co. broadened its activities to include all phases of commodities; and extended its operations into the general securities field with the merger of Baruch Bros. in 1918. Among its more recent ventures has been the underwriting field in which the firm has become an increasingly important participant. Following the consolidation, Arthur Morris will be the Resident Partner in Beverly Hills, assisted by John McCarron, Manager. Other general partners of the firm are Jerome Lewine, Arthur J. Neumark, Robert P. Baruch, Edmund W. Fitzgerald, E. Milo Greene, Walter C. Gibson, Robert Pollak, Wilbur H. Clayton, Stanley Hesse, Lewis D. Raabin, Jerome Lewine, Jr., Henry A. Zoeller and Alvin Schonfeld.

New Bache Office

Bache & Co., members of the New York Stock Exchange, announce that they have taken over the office of Sutro Bros. & Co. at 150 West 28th Street, New York City. Benjamin M. Lewis, formerly of the Sutro organization, will manage the new Bache office and will have associated with him 12 other former Sutro employees.

Nesbitt, Thomson Co. Opens in New York

The Canadian securities firm of Nesbitt, Thomson and Company, Inc. has been formed, according to an announcement made by Andrew J. Raymond, Vice-President and Manager of the company. The new firm will be located at 25 Broad Street, New York City, and is affiliated with Nesbitt, Thomson and Company, Limited, investment dealers, and Thomson & Co., both of Montreal. The latter are members of the Montreal, Toronto and Canadian Stock Exchanges.

For the past five years, Mr. Raymond was the New England representative for Dominion Securities Corporation.

Economic Progress

By DR. E. T. WEILER*
Head of Economics Department, Purdue University

Prominent educator discusses part "The Innovator" and banker play in economic progress. Avers per capita income after taxes rose from $1,050 in 1929 to $1,550 in 1953. Sees this figure swelling to $2,300 by 1978 and shrinkage of work-week by same year to 35 hours.

Our most potent secret weapon is not the hydrogen bomb. It is, in my estimation, the capacity of a free enterprise economy to grow. A hundred years ago, which is a short time in the life of a nation, we were a nation of farmers and fishermen, working from dawn to dusk, sending our raw materials to Europe, and getting industrial products in return. Now we are the foremost industrial nation of the world; our industrial strength and agricultural capacity has been the deciding factor in two world wars. In the cold war our growing capacity to produce is likely again to be a deciding factor.

A Comparison of 1929 and 1953

Let me cite a few statistics. Most of us in my generation think of 1929 as the good old days. We were inclined to think of 1929 as being a return to heaven. But we have grown so much that I seriously doubt that any of us, when we really look into the matter, would want to go back to 1929. In 1929 the average work week in manufacturing was about forty-four hours. In agriculture we were still very largely on the sun up-to-sun down regiment of the nineteenth century. Last year our work week was forty hours, with farmers approaching this figure, except during planting and harvesting times. These days we hear a lot about how high our taxes are. Last week when I paid my taxes I was inclined to agree that they were very high. But despite high taxes I would rather be living in 1954. It is true that prices have risen about 60% since 1929. If prices had been as high in 1929 as they are now the total income of the nation **after taxes** would have been $129 billion. But last year our total income after taxes was $248 billion, or almost twice as much. You may, however, argue the population had also grown and I have not taken account of the many new workers, who are contributing their bit to the total output. It is true that the population did grow from 122 million to 160 million during this period of time. Suppose we then divide the income after taxes in 1929 and 1953 by the population in each of these years. This would give us a per capita income after taxes of about $1,050 in 1929 and of $1,550 in 1953.

This is a startling statistic. Even though we are now using about a quarter of our productive capacity to prepare for war and to pay for government services, and even though we have about one-third more mouths to feed, our income after taxes in constant prices is now 50% higher than it was in 1929. Or consider what would happen if we were to have another depression as severe as the one that started in 1929. Income after taxes, in constant prices shrank about 25% from 1929 to 1933. If the income after taxes were again to shrink by 25% our take-home-pay would still be higher than it was in the good old days of 1929. The plain fact is that as a nation we have shown a great deal of progress since 1929. The productivity of our workers and our resources has increased by over 50% since 1929.

*Speech given by Dr. Weiler before the Agricultural Clinic of the Indiana Bankers Association at Purdue University, Thursday, March 25, 1954.

If We Continue to Grow at the Same Rate?

Another way to dramatize the importance of economic growth is to consider what the nation will be like if we continue to grow at the same rate during the next 24 years. By 1978, which won't be very long, the work week will no doubt shrink another five hours to about 35 hours. Our potential labor force will stay in school longer and they will probably retire earlier. Despite these losses of labor potential **per capita** income **after taxes**, in 1953 prices, would be about $2,300, if the present growth continues. This would mean that the nation could still devote a fifth of its energies to war and another 5% to governmental activities, and the average family of four would have an income **after taxes** of over $9,000 in 1953 prices. Most of you have incomes well in excess of the average, so that you or your children's families can look for income **after taxes** of $12,000 to $15,000.

Just as the Fiji Islanders were reported to have measured the depth of our last depression by the thickness of the "Saturday Evening Post," so we can also trace the economic growth of the nation by the size and capacity of three low-priced cars. At the present time our 1953 Chevrolet can easily out-perform the 1929 Cadillac. By the same token I predict that the 1974 Chevrolet will be able to out-perform the 1953 Cadillac. We are living in an age of rapid growth.

Why Do We Have Economic Growth?

Now it would be interesting to stop to consider all of the implications of this tremendous economic growth. I will leave this for later. I'd like to have you consider with me the reasons for this tremendous economic growth. No other nation has ever experienced anything like this. What are the reasons for this? What part do you as bankers play in this phenomenon?

The reason commonly given for this rapid growth is technology. And I must admit that our scientists and engineers have done a great deal for us. They have given us new sources of power. They have taught us recently to make our factories automatic. They have on their drawing boards many startling developments. We live in an age of technological adventure.

But we can easily give the engineers and scientists too much credit. Many cultures have had inventive people. I am told that 4,000 years before Christ the Chinese had invented clocks that are the envy of clockmakers today. They could have gone on to invent and use other machinery, but they didn't. During the medieval period, men were fine craftsmen and produced many fine artifacts.

Stand-Patters versus the Innovators

The answer it seems to me lies in the kinds of societies these people have lived in. Consider the conflict in every society and in every organization between the stand-patters on the one hand and the innovators on the other. The stand-patters have the advantage in most societies. They can say with authority: This is the way it has always been done and this is the way it is "meet and right so to do." He who changes it is morally wrong. It is good for men to work from sun up to sun down. The only right way to plow a field is with oxen. And so on.

The innovator is usually in a poor position. Even if he has the engineer at his elbow saying it can be done, there are lots of skeptical people, who would prefer to do it the old way. Consider the lot of the innovator in the traditional Chinese family. He would have to get permission from the head of the clan to try a new way of cultivating the rice. And the chances are the answer would be **no**. By the time the would-be innovator had lived long enough to become head of the family, the chances are that he has lost his zest for doing new things.

If a society is going to have economic progress a means must somehow be found to tip the scales in this age-long conflict in favor of the innovator. It was not the invention of steam power that started the industrial revolution. It was the discovery that work is not a ritual and that things can be done in new ways that constituted the real industrial revolution.

How Do We Give Innovators More Control?

Specifically, how do we manage to put the innovator in control and how do bankers fit into this picture? The answer is two-fold.

In the first place, we have a predominantly competive economy. This means that the innovator does not have to ask anybody's permission to try a new idea. Consider how far Henry Ford would have gotten with his ideas if he had been required to ask permission of everybody who would have been hurt by the introduction of the automobile.

Competition puts the innovators in control of the industry. Innovators serve as a means of disciplining the stand-patters. A stand-patter who doesn't meet the competition of the innovators soon loses his position. The old-fashioned general store with its cracker-barrel has become a thing of the past. The people who ran them have either converted to the modern department store or the modern super-market or they have lost out completely. Similarly the buggy manufacturers have either become automobile producers or they have failed. The blunt fact is that competition has put American industry at the disposal of the innovators despite the fact that there are always more stand-patters than there are innovators.

Innovators Are Artists

Two asides may not be inappropriate at this point. During the 1930's it was fashionable to speak of the successful innovators of the past as "robber barons." We now realize that the survival of Western civilization depends on our industrial might and that the men who have done so much to make it strong were artists in their own way and deserve the same kind of credit we have assigned to our great artists and composers. The architects of our material growth—men like Whitney, McCormick, Westinghouse, Rockefeller, Carnegie, Hill, and Ford—will be recognized as builders of the industrial strength which now makes it possible for civilization to survive. These men were innovators. They had the personal force to push through new ideas in the face of opposition from the stand-patters, just as a great composer has the self-confidence and courage to force the acceptance of a new symphonic form. Belatedly, we are recognizing the contribution of these people.

Engineering and Science: Anti-monopoly Forces

I should also like to take the opportunity to point to the tremendous contribution that engineering and science have made to competition in America. Competition has made it possible too for the innovators to get the upper hand and this, in turn, has made economic growth possible. But typically it is not the competition of firms producing the same product year after year that has disciplined the stand-patters. It is rather the businessmen with the new technology that has presented the others with a crisis. It is the automobile and the airplane that has disciplined the railroad industry. It is the supermarket that has disciplined the grocery industry. It is now the prefabricated house industry and the large integrated contractor that is forcing cost reduction in the house-building industry. We can say then that it is the engineering and science schools that are our best antidotes for monopoly. It is they who give the innovator the ideas and know-how to force the stand-patters to adopt a problem-solving point of view.

Bankers Are Personnel Directors In a Modern Economy

But how you may ask is this related to banking? The answer is that, for the most part, you are the **personnel directors** for a progressive economy. It is you bankers who select the men who will be innovators. It is you who turn resources over to them so that they can develop new methods.

This task of selection is an extremely important one. A college football team selected by lot from the male student body would not win many games from teams chosen intelligently by a good coach. Or alternatively a managerial staff chosen by some essentially irrelevant rule such as that they should be sons or sons-in-law of the present manager is not likely to be as good as one chosen by a carefully worked out method which sorts the effective men from the ineffective ones regardless of family affiliation.

The task of selecting people in a competitive economy to use resources is an extremely important one. If poorly done, control will go to the stand-patters. If well done, control will go to the innovators and we will continue to have progress. It is for this reason that I am optimistic of our eventual success in the cold war with Russia. There is good evidence that the Russian economy is **not** doing a good job of selection. For the most part they are selecting sons of present managers for managerial posts. In the long run, this is bound to lead to the transfer of control over resources to the stand-patters. Only as the best people are chosen for managerial posts regardless of class or family affiliations will we uncover the people with the comparatively rare ability to innovate.

But how do you as bankers get involved in this job of selection? The answer is that you decide who among the prospective innovators should get the chance to use some of the nation's resources to try their ideas. You also decide which businessmen and which farmers should get the kind of financial support to grow and to challenge the stand-patters. There are many aspirants for these positions. If you make good choices, the economy grows. If you make poor choices, the economy stagnates. Perhaps, this is a little too compact. Let me explain.

A Picture of the Economy

In a growing economy people continually want to hold more money. In 1870 people were content to hold one and one-half billions of dollars. In 1940, despite a slightly lower price level, people wanted to hold sixty-seven billions of dollars. Why you might ask do people want more money? The answer is that it gives them satisfaction. In an uncertain world, holding money gives a person a freedom from worry that he would otherwise have. Consider the effect on the functioning of the economy of decisions to hold more money.

To make our problem manageable, let us imagine that the economy consists of everybody in this room. Let us also imagine that we are contributing services to businessmen located along this table. We think of businessmen as paying for our contributions. They also pay themselves in the form of dividends, interest, and rents for the services they are also rendering. Now the important point is that the amount all of us are paid (including the businessmen) for our contribution is exactly equal to the value of all the products being offered for sale. This is reaffirmed every year when we get a national income statement and see that the value of the gross national product is exactly equal to the gross incomes earned. Last year for example we produced $367 billions of product and we were paid exactly $367 billions for our contributions.

Some of this income we used to buy consumer's goods. Some of it, in fact about a quarter of it, we turned over to the government to buy products. Some of it we saved and turned over to businessmen to buy new plants and equipment. Incidentally, we relied on you bankers to assemble some of the community's money resources in the form of savings accounts and decide which businessmen or people will get this money to build new factories and new houses. Finally, we sold some of the products abroad. If the economy is to operate successfully year after year, the total amount of products demanded must be equal to the total amount of income earned in production. Otherwise, we will have inflation or depression.

Money-Holding Decisions Create a Social Dividend

But, what about this additional money people decide they want to hold unspent in a growing economy. It is neither spent directly nor turned over to somebody else to spend. The answer is that if it is not spent or invested, goods will be left over and people be out of work. Resources are released. We can think of the goods that are left (or the people available to produce them) as a social dividend, which would be available for a variety of purposes. It could be used for building roads, new factories, etc.

Last year this social dividend was in the neighborhood of $7 billions. The year before it was $9 billions. The amount depends on the growth of the economy and the desire of the people to hold more money.

Bankers Decide Who Use the Social Dividend

Who decides in our economy how this social dividend shall be used? The answer is that for the most part you do. As a nation we have entrusted in your care one of our most precious possessions, namely the right to create money. Last year out of $7 billions of new money, the private bankers created $6 billions. The Federal Reserve System, through open market operations and discount policy, decides how much money you can create. But, you are the ones who decide which businessmen shall get the extra money. You decide this by granting a loan to this person and refusing to grant it to another.

It is in this way that you serve as the selector of key personnel in an economy. By lending to rapidly growing firms headed by outstanding businessmen you are, in effect, saying to this business "you are entitled to some of the social dividend." By refusing to lend, or by restricting the line of credit to another business, you are really saying "you are not entitled to the social dividend." These decisions, which you no doubt recognize as every-day affairs, are a means of giving the most active businessmen, usually the innovators, access to the resources to expand and to threaten the stand-patters. In this way, you make it possible for the innovator to get a toe hold, to grow, and to be the disciplinarian. If you make wise decisions, the economy grows more rapidly. New industries like the television industry, grows and threatens old industries. New farming methods, requiring large amounts of equipment, replace old methods. You are the persons who, for the most part, divide the wheat from the chaff, or the innovators and problem-solvers from the stand-patters. **As personnel directors for the economy you are in a position to make it grow and flourish.**

Bankers Have Had a Key Role in Economic Growth

It must be said that over the years you have done a fine job. Consider how rapidly the American economy has grown since the turn of the century. There is no doubt that you have had a lot to do with this. You have, for the most part, bet on the kind of businessmen who have been able to transform American industry and utilize the fruits of our scientific and techological progress. **You have supported the innovator and helped him challenge the stand-patters.**

Banking Is an Exciting Profession

Viewed in this way, banking is an exciting profession. You are required day after day to make decisions which will affect the industrial and commercial strength of America. When you agree to lend to a person, you are giving that person access to some of the nation's resources being released by decisions of the people to save. You are, in effect, saying: "I am willing to bet that this person or this business can make better use of the released resources than some other person or business. You are choosing between persons, betting on some persons and refusing to bet on others.

The Banking Function Can Not Be Turned Over to a Public Body

This function of deciding who is entitled to resources is not a function which in a democracy can be successfully turned over to a political body. How can a governmental lending unit, like the R. F. C. say to one taxpayer, "We think you deserve additional resources," and to another, "We do not think you deserve additional resources." The answer is that they can't. All a governmental body can do is set up rules governing lending procedures. These rules can never replace personal judgment. And when personal judgment is involved, the government official becomes the focus for political pressures. It is no accident that the Reconstruction Finance Corporation was involved in the "mink coat scandals." This is what one would expect when these discretionary decisions are left to persons subject to political pressure.

I come back to my main argument. We have witnessed a dramatic growth in the capacity of this economy to produce. Our hope of survival in a hostile world depends on the continuation of this growth. Growth is the result of change. Growth depends, then, on the outcome of the continual struggle between the innovators (or the problem-solvers) and the stand-patters. Each year the community releases resources by deciding to hold more money, by not spending. As a group you bankers decide who shall get these resources. When you lend you make personnel decisions. If you turn these resources over to innovators you make it possible in a competitive economy for the innovators to get the upper hand and to force the stand-patters to change. **You are one of the important keys to economic growth in the United States.** Without you and the decisions you make, economic stagnation, and the tragedy it implies in a hostile world, is more probable.

THE MORAL

But what you may ask does this mean for me. There are a number of morals to a story for bankers in the State of Indiana.

(1) Bankers Should Be Proud of Their Profession and Should Recruit Carefully.

In the first place, you should be proud enough of your profession and your role in the economy to seek the best possible replacements for yourselves. I have been on university campuses for over twenty years and in that time I have never heard a banker talk about the importance and romance of banking. The engineers come back to the campuses with fine accounts of their achievements, accounts which encourage young men to go into engineering. The big companies send men to the campus to recruit for them; in the process these men talk about the advantages of their businesses. But the bankers, particularly from the small towns, don't do this. And I think this is a mistake. You deserve the very best; and to get the very best young men you are going to have to sell your profession, and incidentally offer a starting salary and working conditions that will get the best.

(2) Bankers Must Take Risks.

In the second place, we must recognize the dangers to the economy of what I shall call a "bank examiner's attitude" among bankers. It is the duty of bank examiners to criticize bankers for making bad loans and to encourage the making of only "extra safe" loans. But bank examiners are not necessarily good bankers. It may be heresy to say this, but I submit that you can be too impressed by the criticism of bank examiners. You can't be right all of the time. A good banker takes some chances — a banker who never writes off a loan is not, in my estimation, doing a good job. By being so cautious, he is failing to perform his function of picking out outstanding men and betting on their success. Picking these men always involves personal judgment and personal judgment can not be perfect. But, there is no substitute, if bankers are going to make their contribution to economic progress, to such an exercise of personal judgment.

If you insist, as some examiners seem to imply, on avoiding all risks, a governmental body will take your place. The interest rate should be high enough relative to what you earn on government bonds so that you can afford to take some risks. In fact, you can think of the extra return as being an insurance premium to take care of the occasional loan that goes sour. Just as an insurance company expects to have some losses, so you should expect to have some losses. In fact, if you don't have any losses, something is wrong.

A town in which the bankers are willing to lend to promising young businessmen and farmers will thrive. The innovators will challenge the stand-patters and by meeting this challenge, the stand-patters and the innovators together will make a better town. However, in a town where the banker has adopted the bank-examiner attitude it is likely to be unprogressive and dead on its feet. The interest rate should be high enough so that you can afford to charge some loans. It is no sin to make a mistake. It is a sin in our economy never to have taken a chance.

(3) Bankers Need Technical Knowledge About Farming.

And, in the third place, the modern banker in a small town needs technical knowledge about farming. Bankers have always been at the businessman's right hand with advice and counsel. Many businessmen owe their success to the wise help of his banker. Right now farming is going through a technological revolution. The successful corn-belt farmer these days is a genuine businessman and capitalist. He will have an average investment of approximately $85,000. He will own or be in the process of purchasing substantial amounts of equipment. He will be studying and considering the advantages of new kinds of seed corn, of new crop rotation schemes, of new ways of doing things. The successful farmer today is truly willing to try new things. He is an innovator. And your job, if you are going to get back of the successful farmer, is not only to be a good judge of character but also to understand the new methods and new equipment being introduced. You can not avoid going through the technological revolution with him.

Two With Wm. R. Staats

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—James L. Beebe and Julia Coots have joined the staff of William R. Staats & Co., 640 South Spring Street, members of the New York and Los Angeles Stock Exchanges. Mr. Beebe was previously with Hill Richards & Co.

Higher Dividends in Britain

By PAUL EINZIG

Dr. Einzig, ascribing firm trend of equities on the London Stock Exchange to expectation of widespread and substantial dividend increases, points out that both wage and dividend restraints in Britain have been abandoned. Says it has been felt for some time that the low level of dividends policy is liable to place shareholders at a grave disadvantage in the event of nationalization of their business firms.

LONDON, Eng. — One of the causes of the firm trend of equities on the London Stock Exchange, which has been evident in recent weeks, is the expectation of widespread and substantial dividend increases and bonus share issues. Since the beginning of this year a large number of companies have increased their dividends or have issued new stock on bonus terms. Many more are likely to follow their example. But for this expectation it would be difficult to account for the demand for first-class equities, the yield of which, on the basis of their latest dividend, is only slightly above that of Government loans.

Dr. Paul Einzig

The unofficial dividend limitation came into being in 1947 when the Socialist Chancellor of the Exchequer, Sir Stafford Cripps, appealed to employees to abstain from wage claims and to employers to abstain from raising their dividends. This was done in an effort to cope with the crisis arising from the premature restoration of the convertibility of sterling. The extent to which boards of directors responded to the appeal was indeed remarkable. From time to time the appeal was repeated, not only by Socialist Chancellors but also by Mr. Butler after the change of Government in 1951.

The reason why, in the absence of legal powers to prevent dividend increases, it has been possible to induce industrial and commercial interests to practice such a degree of self-denial is mainly the fear that higher dividends would provoke excessive wage demands. And one of the main reasons why the voluntary system is now breaking down is that the workers have not shown the same willingness as their employers to exercise self-denial. So long as there was a balance of payments crisis every other year —in 1947, in 1949, and in 1951— the workers restrained to some degree their claims for higher wages. The trade unions realized that wage increases would aggravate the balance of payment difficulties and this might necessitate a curtailment of raw material imports, leading to unemployment. The rank and file of union members, however, was less far-sighted. There was a large number of unofficial strikes. In most cases the unions had to endorse the claims eventually, because otherwise Communist influence on their members would have increased. As a result, wages continued to rise, throughout the postwar period, somewhat beyond the extent of the increase in the cost of living. Dividends, on the other hand, were still only 45% above the prewar level at the end of 1953.

Wage restraint was completely abandoned in recent months. In spite of the remarkable stability of the cost of living index, one union after another has sought to take full advantage of the scarcity of labor by putting forward excessive wage claims. Substantial increases had to be granted in order to avoid major strikes. In the circumstances many boards of directors have arrived at the conclusion that in the absence of a wage restraint, the case for dividend restraint no longer exists. They feel that, whether or not they continue to abstain from increasing dividends, their employees will press for higher wages to the utmost limits of their bargaining power. In the circumstances they felt justified in disregarding Mr. Butler's repeated appeals to continue to observe the principle of dividend limitations unless there was a particularly strong case, in individual instances, for an increase.

Another cause for the change of attitude was the new line adopted by the Socialist Party in respect of undistributed profits. From time to time in the past there was some agitation in favor of a distribution of such reserves among the employees. Quite recently this demand was voiced by the official spokesman of the Opposition, Mr. Gaitskell. He was the last Chancellor of the Exchequer in the Socialist Government and is certain to occupy the same office in the next Socialist Government. Indeed, he is even regarded as a possible future Socialist Prime Minister. For, this reason, when he demanded the sharing out of undistributed profits among the employees, this indicated that the next Socialist Government is likely to follow up his words by action.

Boards of directors were bound to be influenced by Mr. Gaitskell's warning. Hitherto, the sacrifice involved in dividend limitation was mitigated by the fact that the undistributed profits increased the intrinsic value of the companies' assets. Although shareholders were inconvenienced by the inadequacy of their dividends, they derived some comfort from the thought that sooner or later they would stand to benefit by the accumulation of undistributed profits, whether they were accumulated in a liquid form or ploughed back into the business firms in the form of capital expenditure. The new Socialist policy has created, however, a new situation. It now seems that, should the Labor Party return to power, the reward of the shareholders' public-spirited self-denial would be the confiscation of the profits saved. It would be too much to expect of human nature to ignore such prospects.

In any case, it has been felt for some time that the unnaturally low level of dividends is liable to place shareholders at a grave disadvantage in case of an eventual nationalization of their business firms. During the Socialist regime of 1945-51 compensation for nationalized industries was paid in most instances on the basis of Stock Exchange quotations. Owing to dividend limitations these quotations had been below the level warranted by the value of the assets of the business firms and their earning capacity. In the circumstances it is widely felt that, by prolonging the artificial situation, boards of directors would play into the enemy's hands. They are inclined to adopt the policy of encouraging a rise in the price of equities through the payment of higher dividends, or to safeguard the interest of their shareholders by issuing bonus shares.

The recent dividend increases and bonus share issues gave rise to strong protests on the part of Socialists. In the same breath, however, they denounced private enterprise for its apparent unwillingness or inability to embark on new capital expenditure on a large scale. These politicians fail to realize that the inadequate level of dividends has deterred investors from providing new risk capital. The undistributed profits have been used, to a large extent, for strengthening the liquidity of the firms, so as to become less dependent on bank credit during a period of anti-inflationary credit restrictions.

An all-round increase of dividends would constitute an important step towards the liquidation of an artificial situation inherited from the Socialist regime. No doubt, another Socialist regime would create a fresh artificial situation by trying to resist natural economic tendencies. But in the meantime Britain could experience a few years of comparative normalcy.

Murray Ward With E. F. Hutton & Co.

LOS ANGELES, Calif.—Gordon B. Crary, Sr., senior resident partner of E. F. Hutton & Company, 623 South Spring Street, has announced the appointment of Murray Ward as Manager of the brokerage firm's corporate department.

Murray Ward

A graduate of Stanford University and a Los Angeles resident since 1907, Mr. Ward has been in the investment business for over 20 years, recently with Hill Richards & Co., and has a broad acquaintance in banking and industrial circles. Much of his career has been devoted to corporate reorganizations and to distribution of securities of Pacific Coast companies.

During World War II, Mr. Ward held the rank of Commander and served on the staff of Admiral Nimitz . . . Commander-in-Chief of the Pacific Fleet.

More recently, Mr. Ward is serving as Vice-Chairman of the Board of Governors of the National Association of Securities Dealers as well as serving on the Board of Governors of the Los Angeles Stock Exchange. Among his many activities, Mr. Ward is a past President of the Bond Club of Los Angeles and currently is on the board of directors of Ducommun Metals and Supply and Telecomputing Corporation along with other local companies.

With Marache, Dofflemyer

(Special to The Financial Chronicle)

LOS ANGELES, Cal.—William F. Marshall has become affiliated with Marache, Dofflemyer & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange.

Joins Bache Staff

(Special to The Financial Chronicle)

RALEIGH, N. C. — Albert J. Watts has joined the staff of Bache & Co., 126 South Salisbury Street. He was formerly with Merrill Lynch, Pierce, Fenner & Beane.

With Ratterman & Co.

(Special to The Financial Chronicle)

CINCINNATI, Ohio—George E. McKenney has become connected with Ratterman & Co., 307 East Fourth Street.

Guest of Navy on Board USS Antietam

Malon S. Andrus of J. G. White & Co., Inc., New York City, was recently a guest of the Secretary of the Navy aboard the USS Antietam, one of the world's few canted deck carriers.

Mr. Andrus observed the Antietam in operation as part of Task Force 81.4 which is commanded by Read Admiral Fitzhugh Lee, Commander Carrier Division 14. The Antietam (CVS 36—C for Carrier, V for Aviation and S for anti-submarine) is commanded by Captain Samuel M. Pickering, USN, and assigns, as a primary mission aircraft to ferret out and destroy the undersea enemy.

Mr. Andrus, a landlubber prior to his cruise, gained a complete understanding of the Navy's Hunter Killer program. He personally participated in a high-line transfer to one of the assigned screen destroyers and observed them in action.

Mr. Andrus will be known henceforth as Commodore Andrus, having been appointed an Honorary Commodore of the United States Navy by Admiral Lee.

Other guests on the cruise were: Congressman Jack Westland of Everett, Wash., and Warren Ackerman of Draper, Sears & Co.

How Prosperous Can You Get?

In a talk before a meeting of the National Knitted Outerwear Association in New York City, on April 29, Gene Flack, Sales Counsel and Director of Advertising for Sunshine Biscuits, Inc. remarked, that "despite all of the conflicting, contradictory and many negative predictions about the immediate future of American business, there are many favorable factors that offer unprecedented opportunity in 1954 for those who will keep their eye on the target and shoot the works in better salesmanship.

Gene Flack

"There has been a lot of hullabaloo," Mr. Flack stated, "about the great number of unemployed, whereas the fact is that less than four million are unemployed today and in 1949 that figure exceeded five million. And then we were told it was prosperity!

"A survey just completed by the U. S. Department of Commerce shows that with tax reductions, increased dividends and other factors, the total spending power of the American people is greater than a year ago. Personal income is ahead of last year by $5 billion!

"The liquid assets of the citizens of this country now exceed $200 billion! That is four times the figure of 1940. And $200 billion would purchase every share of stock of every company listed on the big boards one and one-third times over! That's the terrible fix that we're in today!

ment, 1954 should prove to be

"That spending power is available to all of us if we are clever enough, aggressive enough, efficient enough in our own sales programs to persuade the American public that they really want our goods and services!

"Sales in the food industry far exceed the record shattering figures of last year!

"The construction industry is way ahead of 1953!

"Electric power output leads last year!

"Automobile sales were supposed to hit the skids. Several companies are breaking their 1953 sales figures!

"Retail sales in many areas are breaking the record of a year ago!

"Advertising billings in the first period of 1954 were ahead of 1953 by 8%!

"Two hundred of the leading economists meeting in Washington a few weeks ago predicted that even with a decline in military expenditures by the government the 'second best year in the history of American business' and can be the first—if we quit talking depression and really get out and slug for business!

"Arno Johnson, director of research of the J. Walter Thompson Company, has pointed out that if we business people can persuade the folks of America—out of their vast income and savings — to spend $1.05 where they spent $1.00 last year, we can more than make up for the decline in Federal military appropriations.

"Yep, there'll be a 'recession' for those that insist on one, but for those who accentuate the positive and push for more business, 1954 will go into the record books as a great year!

"As Sales Management predicts, historians commenting on the year 1954 will say, 'Never before or since was so much spoken and written about what turned out to be such a slight recession.'"

Texas IBA Group Gets Slate for Officers; Annual Meeting in Dallas May 9-11

DALLAS, Texas—The Nominating Committee of the Texas Group Investment Bankers Association of America, has selected the following members as nominees on the regular ticket for the 1954-55 year:


Edward Rotan


W. Wallace Payne


W. Lewis Hart


Wm. C. Jackson, Jr.


Louis W. Stayart


Joseph R. Neuhaus


R. R. Gilbert, Jr.

Chairman—Edward Rotan, Rotan, Mosle & Cooper, Houston.

First Vice-Chairman—W. Wallace Payne, First of Texas Corp., San Antonio.

Second Vice-Chairman—Lockett Shelton, Republic National Bank in Dallas.

Secretary-Treasurer—James L. Bayless, Houston.

Three-year Committeeman—Joseph R. Neuhaus, Underwood, Neuhaus & Co., Houston.

Two-year Committeeman—W. Lewis Hart, Austin, Hart & Parvin, San Antonio.

One-year Committeeman—Louis W. Stayart, Hudson, Stayart & Co., Dallas.

Ex-Officio—W. C. Jackson, First Southeast Company, Dallas.

Ex-Officio—R. R. Gilbert, Jr., First National Bank in Dallas.

Of these nominees, Joseph R. Neuhaus and W. Lewis Hart are carry-overs from the present Executive Committee from three- and two-year committeemen to two- and one-year committeemen, respectively, W. C. Jackson, Jr., representative to the National Board of Governors, and R. R. Gilbert, Jr., past Group Chairman, will be Ex-Officio members.

This slate will be voted on at the Nineteenth Annual Meeting of the Texas Group to be held in Dallas on May 9-11, 1954. The officers so elected will take office at the adjournment of the next annual meeting of the Investment Bankers Association of America to be held in the Fall.

Members of the Nominating Committee were:
Neill T. Masterson, Jr., Chas. B. White & Co., Houston.
William Porter, Dittmar & Company, San Antonio.
Henry Keller, Keller & Ratliff, Ft. Worth.
Chas. Eubank, Charles J. Eubank & Co., Waco.
B. F. Houston, Jr., Dallas Union Securities Co., Dallas.
D. T. Richardson, Milton R. Underwood & Co., Houston.

Speakers scheduled for the annual meeting are Charles I. Francis, Attorney of Houston and of the Texas Eastern Transmission Company, who will address the gathering on "Blue Sky-ing Oil and Gas Securities in Texas."

Dr. Joseph D. Nichols, Chairman of the Board of the Atlanta National Bank of Atlanta, Texas, will speak on "Occupational Diseases of Investment Bankers."

Meetings and Entertainment Arranged

A full schedule of meetings and entertainment has been arranged. An informal cocktail party and buffet has been arranged for Sunday night preceding the Convention. The business meeting Monday morning will be an open session and an interesting program is planned, with the ladies invited to attend this meeting and the cocktail party and luncheon which will follow immediately.

Special arrangements have been made for a tour through the Bell Aircraft Company Monday afternoon. Monday night there will be a semi-formal dinner dance with special features of attendance.

Tuesday morning there will be a closed business meeting for committee reports and the election of officers. A luncheon and style show is planned for the ladies in the Zodiac Room of Neiman-Marcus.

With Daniel Reeves Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Otto H. Schroder is now connected with Daniel Reeves & Co., 398 South Beverly Drive, members of the New York and Los Angeles Stock Exchanges.

With J. Barth & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John J. Dowd has joined the staff of J. Barth & Co., 210 West Seventh Street. He was formerly with Holton, Hull & Co. and Gross, Rogers & Co.

Wall Street

By ROGER W. BABSON

Mr. Babson, cautioning against headlines proclaiming peak stock prices, lays price rises primarily to thousands of Mutual Trust salesmen selling their shares. Says another reason for high stock prices is that Wall Street thinks we are to "direct a shooting war." Predicts President will not ask permission to send troops into Indo-China before the November election.

The newspapers are discussing Geneva, London, and Paris in relation to Indo-China. It is interesting to note what the leading columnists and the radio-television commentators have to say. But let me pass along the conclusions of a short, narrow alley in New York City — called "Wall Street." This little street goes haywire sometimes — but not often.


Roger W. Babson

We cannot go by prices alone when the newspapers headline the financial news: **"Highest Bond Prices of the Year"**; or, **"Highest Stock Prices Since 1929"**; or, **"Commodities Continue to Advance."** For many investors have stocks and bonds which still show them a loss; while some farmers and manufacturers are selling their products below cost. Why this inconsistency?

As I have said before, the high stock prices are caused primarily by the thousands of Mutual Trust salesmen who are selling their Funds' shares all over the country. The money received for these Mutual Fund stocks which you buy goes into securities selected by the Trusts' managers. Most of this money is placed in a few "blue-chip" nationally known stocks, perhaps in only 65 stocks selected from about 1,500 listed on the New York Stock Exchange. These 65 are used by the newspapers as the Dow-Jones stocks. What is said about these is true—they are very high. The rapidly growing Pension Funds are also causing present high prices for these 65 popular Wall Street stocks, even though many other stocks are going down.

Another Reason for High Prices

There, however, is another reason for high prices. Prices are high because Wall Street thinks that we are to direct a "shooting war" against the Chinese and threaten to use Atomic bombs. Already we are supplying the Indo-China patriots and French with airplanes, guns, shells, etc., the same as the Chinese are supplying the Communists of Indo-China with war material without involving Russia. Our Defense Department argues that, as a last resort, we could also supply the Indo-China Army with Atomic bombs, without involving Russia, or without starting World War III.

Neither Eisenhower nor Wall Street wants a World War III or a long Indo-China war. Both dread the use of Atomic bombs by either the United States or Russia against the other. But no one wants our foot soldiers involved in another "Korea" fought with our troops. Hence, I believe that we will get the soldiers of Formosa, Korea, the Philippines, Australia, and other bordering nations — directly interested — to do the fighting while we supply the arms.

Wall Street Relieves This Possible

If so, it would cause commodity prices to strengthen; it would increase employment, and it should result in a Republican Congressional victory this coming November. Under such conditions, Eisenhower could not balance the budget, but does Wall Street really want it balanced? Hence, notwithstanding the very high prices at which the 65 Dow-Jones stocks are now selling, Wall Street is bullish today.

I, therefore, make three forecasts:

(1) That Mr. Eisenhower will not ask Congress for permission to send foot soldiers into Indo-China, **at least before the November elections.**

(2) That the talk of using Atomic bombs may so buck up the French and so scare the Chinese that they will all quit.

(3) That, instead of such a negotiated Peace making the market go up, as Peace should, Wall Street may see its pet 30 Dow-Jones Industrials go down before 1954 ends!

Willis Hirsch Opens

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Willis Hirsch is engaging in a securities business from offices at 735 South Olive Street.

S. H. Van Gelder Opens

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Spencer H. Van Gelder is engaging in a securities business from offices in the Mills Building. He was formerly with Hannaford & Talbot.

Bache Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Thomas P. Kehoe, Jr. has been added to the staff of Bache & Co., 21 Congress Street.

Georgia Banks Initiate Monthly Payment Plan For Buying Both Listed and Unlisted Securities

The Citizens and Southern National Bank of Atlanta, and its affiliate banks, in Georgia cities, offer investors a Securities Purchase Plan that will make it as easy to buy both listed and unlisted securities as they now buy television sets.

A new way for people to buy stocks and bonds for as little as $15 a month was introduced in eleven Georgia cities on Monday, April 26, by The Citizens & Southern National and affiliate banks, the State's largest banking group.

Believed to be the first plan of its kind offered by a bank in the United States, the C&S Securities Purchase Plan will make it possible for the public to buy securities in the same way they now buy television sets, automobiles and home appliances, according to the authors.

Unlike the New York Stock Exchange's monthly investment plan, the C&S plan allows people to buy unlisted as well as listed securities. The minimum monthly payment is less than the $40 minimum payment requirement of the Stock Exchange plan. In addition, under the C&S plan the buyer purchases all his securities at one time rather than on a monthly basis under the NYSE plan.

"Over 100,000 persons now are using C&S credit to buy merchandise or finance other purchases on the instalment plan," C&S President Mills B. Lane said.

"We want to make it possible for these same people to use the same method for buying an income producing asset," he added.

According to Mr. Lane, hundreds of firms in the United States now provide employees with varying forms of stock purchase plans on the theory that the bond between management, ownership and employees is thereby strengthened. The C&S has had such a plan since 1936 under which more than 25,000 shares of its stock have been bought by employees.

"We're living in a society based on the right of people to own things—their own homes, their own businesses and their own ideas," Mr. Lane said. "Ownership builds good citizenship. That is the purpose behind the C&S plan."

At a meeting with Georgia dealers and brokers held in Atlanta on April 22, indications were that hundreds of persons who have expressed interest in the New York Stock Exchange Plan but who have not been able to use it to buy local unlisted securities would be potential users of the C&S plan.

The Citizens' and Southern National Bank, which has over 700 accounts from other banks in the United States, has offered the plan to any bank interested in adopting it.

Kick-off day for the C&S plan is to be one of the features of "Invest in America Week" in Atlanta, one of many United States cities observing the week, April 26-May 2. Dr. James Bunting, President of Oglethorpe University in Atlanta, is local chairman.

Business Decline Tapering Off

May Issue of the "Monthly Bank Letter" of the National City Bank of New York points to steady rate of steel operations and holds general consumption now is exceeding production.

The May issue of the "Monthly Bank Letter," publication of the National City Bank of New York, in its review of current business conditions, finds evidence that the decline in industrial activity of recent months is tapering off, and says a number of lines are already reporting some inprovement. Concerning the situation, the "Bank Letter" states:

"Industrial production, as measured by the Federal Reserve index (seasonally adjusted) decreased less than 1% from February to March—about the same slight rate of decline as in the preceding two months. The first quarter decline was concentrated in the durable goods sector, reflecting some cutting back on defense goods production as well as a drop in steel and other metal fabricating industries.

"Employment has shown similar trends, with a leveling off following the decline and with numerous plants recalling workers previously furloughed. Unemployment increased only slightly in March, according to the Bureau of the Census, while figures on unemployment insurance benefit claims extending through the first half of April have held practically unchanged since the early part of February.

"Further evidence of a tapering off in the industrial decline has been the maintenance of steel mill operations at around 68% of capacity for the past two months, while steel scrap prices have firmed. New orders booked are reported currently as showing some slight improvement, and opinion in the industry seems to be that operations will hold around current levels or better. Weekly automobile production climbed to the highest rate since last August as producers competed for the crucial spring market. While retail car sales have been running less than 10% behind a year ago, stocks of new cars in dealers' hands have continued heavy in anticipation of the usual seasonal increase in buying by the public. Agricultural implements, one of the first of the industries to feel the pinch in demand last year, have turned for the better, with employment in some plants back to the highest level in months. Production of synthetic texiles, on the other hand, was cut sharply last month because of unprofitable prices.

"Aggregate sales and orders of manufacturers reporting to the Department of Commerce increased in March, and inventories continued to decline, all after seasonal adjustment. According to the National Association of Purchasing Agents, these same trends apparently continued in April. Forty-three percent of the Association's member firms noted an increase in new orders, while only 17% reported a decrease. One-third of the members increased production in April, while half held steady at the March level.

"All this appears still very much in line with the 'rolling adjustment' pattern which has characterized business at times since the war, and which so far has enabled it to experience periods of boom yet avoid the much-predicted major collapse.

"While department store sales during the Easter season approximated those of a year ago, the same cannot be said of all retail sales, due especially to the lag in automobiles and other hard goods.

"Aggregate consumption expenditures, including services as well as goods, for the first quarter of the year were at an annual rate of $230 billion against $228 billion in the first quarter of last year. The increase, however, went wholly for services. Expenditures on durable goods decreased 7%, while those on non-durable goods were practically unchanged. Nevertheless, it would appear that, in general, consumer purchases of goods (as distinguished from services) have been running ahead of factory output, indicating that the corrective process of adjusting supplies to consumption is going forward.

"The lag in buying of durable goods is not explained by lack of public spending power. Total personal income so far this year has been about the same as a year ago, with 'disposable' income several billion dollars higher as a result of the reduction in personal income taxes on Jan. 1. The answer is that people are saving their money and paying their debts, as shown by the rise in savings deposits, holdings of U. S. Savings bonds, etc., and the decline in consumer debt outstanding. Manifestly, it is up to business to coax the public to loosen up on its purse strings by producing the kind of goods that will appeal, by hard selling, and by attractive pricing.

"The brightest spot in the business picture continues to be building construction. Month after month this goes on forging ahead to new high records. Contract awards for new construction of all kinds in March and during the first quarter were 13% above a year ago, and preliminary data for April look good.

"In plant and equipment expenditures, a new survey among the larger companies by the McGraw-Hill Publishing Company indicates business intentions to spend as much if not more money this year than they spent for these purposes during the previous banner year 1953. This is even more favorable than the results of a similar survey published a month earlier by the Department of Commerce and the Securities & Exchange Commission covering a lager sampling of business concerns.

"Such findings are the most impressive evidence that could be had of continuing business confidence in the long-range outlook; and the plans, if carried out as scheduled, will have a powerful sustaining influence on the business situation generally. It is hard to envision any serious letdown in the face of so high a level of capital investment."

1953 Net Earnings of National Banks Down Slightly From 1952

Comptroller of the Currency, Ray M. Gidney, reports for 1953, all national banks had net profits before dividends of $573 millions, or 7.92% of average capital funds, compared with $561 million or 8.17% of average capital funds in 1952. Dividend payments, however, in 1953 were slightly higher.

Ray M. Gidney

Comptroller of the Currency Ray M. Gidney announced on April 28 that national banks in the United States and possessions had net profits before dividends for the year 1953 of $573 million which amounts to 7.92% of average capital funds. Net profits for the previous year were $561 million, or 8.17% of average capital funds.

Net earnings from operations for the calendar year 1953 of $1,223 million showed an increase of $135 million over the year 1952. Adding to net earnings from operations profits on securities sold of $23 million and recoveries on loans and investments, etc. (including adjustments in valuation reserves) of $59 million and deducting losses and charge-offs (including current additions to valuation reserves) of $266 million and taxes on net income of $466 million, the net profits of the banks before dividends for the year 1953, as noted above, were $12 million more than for the year 1952.

Gross earnings were $3.068 million, an increase of $317 million over 1952. Principal items of operating earnings in 1953 were $1,752 million from interest and discount on loans, an increase of $215 million over 1952, and $695 million from interest on United States Government obligations, an increase of $61 million. Other principal operating earnings were $176 million from interest and dividends on securities other than United States Government, and $150 million from service charges on deposit accounts. Operating expenses, excluding taxes on net income, were $1.845 million as against $1,662 million in 1952. Principal operating expenses were $910 million for salaries and wages of officers and employees and fees paid to directors, an increase of $88 million over 1952, and $299 million expended for interest on time deposits, an increase of $38 million.

Cash dividends declared on common and preferred stock in 1953 totaled $275 million in comparison with $259 million in the previous year. The rate of cash dividends was 3.80% of average capital funds. The cash dividends in 1953 were 48% of net profits available for the year. The remaining 52% of net profits, or $298 million, was retained by the banks in their capital funds.

On Dec. 31, 1953, there were 4,864 national banks in operation, as compared to 4,916 at the end of 1952.

With Barret, Fitch Co.

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Timothy P. O'Neil has been added to the staff of Barret, Fitch, North & Co., 1006 Baltimore Avenue, members of the Midwest Stock Exchange. He was previously with McDonald Evans & Co. and Straus & Blosser.

Fairless Hits Double Taxation of Dividends

In statement at Annual Meeting of stockholders, U. S. Steel executive points out our national prosperity depends upon industry's ability to coax spending power into productive channels, which is now discouraged by heavy taxation of dividends.

Benjamin F. Fairless, Chairman of the Board of United States Steel Corporation, in the course of his remarks at the annual meeting of stockholders in Hoboken, N. J., on May 3, called attention to the depressing effects on new capital investment arising from the double taxation of dividends.

Benjamin F. Fairless

Referring to this topic, Mr. Fairless stated:

"We know that consumer purchasing power is a little higher now than it was at this same time last year. We also know, however, that a very substantial proportion of consumer spending is what is called 'discretionary'. That means it is money which the consumer does not have to spend immediately for the necessities of life. It is the money which he might spend on a new car, or a television set, or to paint his house, or in a hundred other ways. He can postpone these expenditures for a month, or a year, or even longer, depending on his mood.

"It seems clear, therefore, that a rise in our national prosperity depends upon industry's ability to coax this spending power into the market place more rapidly, by offering more attractive products — improved models of existing products, or entirely new things that never existed before in any form.

"But before any of these new products can be created, someone must invest his savings in the necessary plants and facilities. These savings are spent immediately, of course, to hire men—the men who build the plants, the men who build the machines and tools, the men who operate the machines and tools, the men who produce the raw materials which go into the product, and the men who market and sell the finished article.

"And so, in this process, the savings of the investor generate the new purchasing power which enables consumers to buy the new product; and later on—much later on, in most cases—the investor, if he is lucky, will also share in the rewards of the enterprise by receiving a dividend check representing a very small fraction of his original investment.

"Thus the key to this entire process is a ready supply of venture capital and the hope of getting a dividend. But ever since 1936, when Congress passed the so-called 'Soak-the-Rich' tax bill, the stockholder has been treated under the law as though he were some kind of an economic parasite—a dangerous pest who, if not exterminated entirely, should at least be discouraged as thoroughly as possible.

"So for the past 18 years we have had a new concept of democracy in our Federal tax policies. We still believe in equal justice under law for people of every race, of every creed, and of every economic condition — but not for the stockholder. He has been treated as if he were a kind of second-class citizen, for among all of the people in America, he is the only one who is forced to pay two Federal income taxes on the same income.

"Today, as you know, there is pending in the United States Senate, a tax revision bill which recognizes, in principle at least, the injustice of the existing law. It would not correct the situation, nor would it eliminate the double taxation of dividends by any means. But it would provide a small measure of incentive to increase the flow of venture capital into productive enterprise.

"Even this small grain of comfort for the stockholder, however, is being vigorously attacked by certain individuals some of whom base their opposition chiefly on the demogogic grounds that stockholders are rich; and that you must never give the rich an even break."

Halsey, Stuart Group Offer Montana Power Co. 3⅛% Bonds

Halsey, Stuart & Co., Inc. and associates on May 5 offered $6,000,000 Montana Power Co. first mortgage bonds, 3⅛% series due May 1, 1984, at 102.66% and accrued interest, to yield 2.99%. Award of the issue was won by the group at competitive sale on Tuesday on a bid of 102.31%.

Net proceeds from the sale of the bonds, the concurrent sale of 60,000 shares of preferred stock, and the later sale of $18,000,000 of sinking fund debentures, will be used in connection with the company's construction program, and for the redemption of the company's 4⅜% sinking fund debentures due 1978.

The first mortgage bonds will be subject to redemption at regular redemption prices ranging from 105.66% to par, and at special redemption prices receding from 102.66% to par, plus accrued interest in each case.

The Montana Power Co. is engaged principally in the generation, purchase, transmission and distribution of electricity in a large part of Montana; the transmission and distribution of electricity in a small area of northern Idaho, and the production, purchase, transmission and distribution of natural gas in Montana. The company also operates water systems in Missouri and Superior, Montana; a central steam-heating system in Missoula: a manufactured gas system in Missoula, and a telephone system in Superior. The company's service area comprises 90,000 square miles with an estimated population of 448,000.

For 1953, the company had total operating revenues of $31,221,315 and net income of $7,448,837, compared with operating revenues of $30,781,393 and net income of $7,639,010 for 1952.

McDaniel Lewis Adds

(Special to The Financial Chronicle)

GREENSBORO, N. C.—Newton C. Lee has been added to the staff of McDainel Lewis & Co., Jefferson Building.

With First Southern Inv.

(Special to The Financial Chronicle)

BOYNTON BEACH, Fla.—Paul R. Dixon has become affiliated with First Southern Investors Corporation, Southwest First Ave.

With Hess Inv. Co.

(Special to The Financial Chronicle)

QUINCY, Ill.—Gordon H. Williams has become connected with Hess Investment Company, Illinois State Bank Building.

Pennsylvania Turnpike Financing Completed

PHILADELPHIA, Pa. — The final phase of the recent public offering of $233,000,000 Pennsylvania Turnpike revenue bonds was completed here on April 29 when representatives of the large nationwide investment banking group that marketed the bonds turned over a check representing proceeds from sale of the bonds to officials of the Pennsylvania Turnpike Commission.

The Commission will use the proceeds from the bond sale to finance the 110-mile Northeastern Extension and the Commission's share of a new bridge across the Delaware River, linking the Pennsylvania and New Jersey Turnpikes.

The presentation of the check was made in the board room of the Fidelity-Philadelphia Trust Company, trustee for the bondholders, by Walter H. Steel, a partner of Drexel & Co., to Thomas J. Evans, Chairman of the Turnpike Commission.

Participating in the ceremonies were Howard C. Petersen, President of Fidelity-Philadelphia Trust Co.; Miles S. Altemose, Vice-President, Fidelity-Philadelphia Trust Co.; Turnpike Commissioners James F. Torrance and David E. Watson, and Secretary of Highways, Edward L. Schmidt, ex-officio member of the Turnpike Commission.

The Turnpike Commission early this month awarded the bonds to a syndicate of 382 investment firms headed jointly by Drexel & Co.; B. J. Van Ingen & Co., Inc.; Blyth & Co. Inc., and The First Boston Corporation.

The issue represented the largest single piece of financing by the Pennsylvania Turnpike Commission. The banking syndicate offered the bonds publicly at par on April 7 and the issue was quickly oversubscribed.

The Northeastern Extension—first north-south branch of a famed superhighway — will total 110 miles in length and is scheduled for completion in the fall of 1956.

It will begin near Plymouth Meeting on the Delaware River Extension, skirt the Allentown-Bethlehem metropolitan area, run through the anthracite coal regions and the Pocono Mountain resort sections and temporarily terminate at a point north of Scranton. Ultimately, it will be extended to the New York State line.

The new extension will have eight interchanges, conveniently located at the junction of principal national and state highway routes, affording easy access for motorists to reach recreational and historical points of interest, as well as industrial centers along this important link to the Turnpike system.

The new bridge across the Delaware River will be a six-lane, high-level structure, connecting the Pennsylvania Turnpike at U. S. Route 13, north of Bristol, with an extension of the New Jersey Turnpike.

It will be jointly financed, constructed and operated by the Pennsylvania Turnpike Commission and the New Jersey Turnpike Authority.

Upon completion of the bridge in mid-1956, the last link will be forged in a chain of superhighways extending from northern Maine, through the New England States, New York, New Jersey, Pennsylvania, Ohio and Indiana, to near Chicago, Illinois.

Five With Reynolds Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—George E. W. Davis, Fred E. Hollenbeck, Harold H. Loomis, Harlie A. Peterson and Albert G. Putnam are associated with Reynolds & Co., 425 Montgomery Street. Mr. Davis in the past was with Denault & Co.

Repeal the Silver Purchase Laws

By REAR ADMIRAL DONALD J. RAMSEY (Ret.)*
Legislative Counsel, Silver Users Association

Commenting on moves of the "Silver Bloc" in Congress to raise the price of the metal, Admiral Ramsey urges an end of the Treasury buying of silver at a fixed price for monetary purposes. Says present silver purchase laws give subsidy to silver producers, and prevent a free market for silver.

I have been asked to discuss with you the outlook for silver. The picture at this time is confused and the outlook is obscure. The silver bloc is prowling around again. There is a bill in Congress which, if enacted into law, would call for a price for silver estimated to be around $6.50 per ounce as compared with the present 85¼ cents per ounce!

Donald J. Ramsey

The silver-producing interests exploit every opportunity for obtaining a higher price for silver. They never cease to attempt to persuade the Treasury to purchase more silver despite the fact that the Treasury now has nearly 2 billion ounces of silver which by law must be valued at approximately $2½ billion when today at the open market price it is worth only $1½ billion.

Nearly all economists, bankers, and those who know the silver picture recommend that the Treasury stop buying silver.

In 1950 the Board of Governors of the Federal Reserve System officially stated that repeal of the silver purchase laws would be in the public interest.

In 1950 a Congressional subcommittee of which Senators Douglas and Flanders were members, recommended that the Government cease buying silver for monetary purposes. They concluded that even as a subsidy the silver purchase program was defective because it granted aid to producers who needed no aid. Today there are producers of silver who receive a subsidy of 5¼ cents an ounce, while their earnings indicate no need for any subsidy. For instance, one company turned in over 3 million ounces of silver to the Treasury in 1953—about 10% of the U. S. production. The earnings of this company increased from about $86 million in 1952 to over $88 million in 1953. Does this company need a subsidy? The silver produced by this company is solely a by-product. If it received nothing for the silver this company would still be in pretty good shape. It is well to remember that about 75% of all silver produced in this country is a by-product in the production of copper, lead and zinc.

In 1950 the Treasury Department officially took the position that it would not object to the enactment of legislation repealing the silver purchase law. It is not conceivable that the present Treasury officials would change this position in the light of the Republican Party Platform for 1952 which called for sound monetary policies. The present silver policies are unsound from every point of view. It is sometimes claimed that the silver purchase laws are only a little unsound—that the subsidy is trivial. If someone took one penny out of your pocket every day you might not miss it—but this is a very dangerous philosophy.

In view of the nearly 2 billion ounces of silver the Treasury has been forced to accumulate, it is not conceivable that more silver would be purchased for any purpose.

There are those who still talk glibly about doing something for silver. The producing interests still talk about doing something for silver in order to help produce copper, lead and zinc. This is no solution for the difficulties which have been encountered by some of the base metal producers. The present silver subsidy is a windfall to some producers. It is a subsidy paid at the expense of our monetary system. If the silver producers are entitled to aid, it should be on the same basis as every other commodity.

I reminded you last year of the so-called "free silver" in the Treasury which is available to industry at 91 cents per ounce. This free silver supply is rapidly being depleted as it is used to manufacture subsidiary coins, viz., half dollars, quarters and dimes. This "free silver" has been a buffer against the onslaughts of those who would force up the price of silver.

The outlook for silver is obscure until the silver purchase laws are repealed and even then the silver producers will think of some other way in which to do something for silver—they always have. Every individual in this country must be alert to prevent this from happening. It is the man in the street who pays for it.

S. 2555, a bill to repeal the silver purchase laws, sponsored by Senator Bush, together with Senators Douglas, Green, Kennedy, Pastore, Purtell and Saltonstall, is now before a subcommittee of the Senate Banking and Currency Committee. This bill must be enacted into law at the earliest possible time. These laws are unsound from a monetary point of view, provide a subsidy regardless of need, and prevent a free market for silver.

*An address by Admiral Ramsey before the Mirror Manufacturers' Association, Washington, D. C., April 23, 1954.

A. S. E. 5 & 20 Dinner

John S. McDermott, American Stock Exchange Five & Twenty Club President, announced that about 300 members of the club and their guests attended an interim dinner at the Park-Sheraton Hotel. The club, composed of American Stock Exchange members who have maintained their seats for a quarter of a century or more, comprises many members who trace their brokerage background to the days when the market's predecessor, the New York Club Market, functioned in the open air on Board Street prior to June 27, 1921.

Leonard C. Greene was Chairman of the affair which included exchange Chairman John J. Mann as a guest. He was assisted by George J. Bernhardt, James R. Dyer, Henry C. Hagen, Charles Leichner, Edward A. O'Brien, Milton E. Reiner, Frederick J. Roth, Milton Steinhardt, Jack Streicher and Francis X. Gaudino.

Joins Herman Frese

(Special to THE FINANCIAL CHRONICLE)

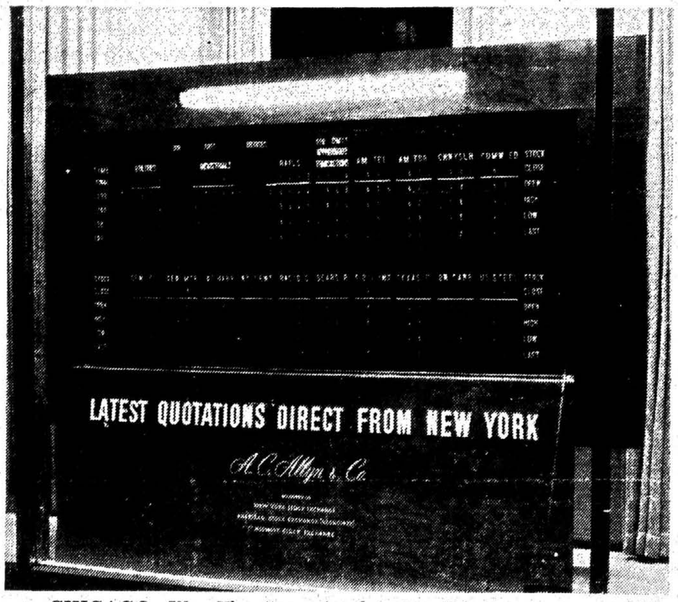
SAN CARLOS, Calif.—John G. Chichester is now associated with H. G. Frese, 1253 San Carlos Avenue.

With Merrill Lynch Firm

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif. — Roy T. Wollan is with Merrill Lynch, Pierce, Fenner & Beane, 311 C Street.

A. C. Allyn Installs Window Quote Board



CHICAGO, Ill.—The "man-in-the-street" gets a new service from the investment business! Investors now will be able to get up-to-the-second quotations on 14 leading stocks and the market averages merely by glancing at one of the La Salle Street windows of A. C. Allyn & Co., Chicago—headquartered investment firm.

An automatic electric quotation board in a street-level window, the first such installation ever made, will go into service today. Instantaneously and accurately, the latest New York Stock Exchange quotations on such stocks as General Motors, General Electric, Commonwealth Edison, Sears Roebuck, Standard Oil (Indiana), American Telephone & Telegraph, U. S. Steel, and International Harvester are displayed on the board, so that the sidewalk passerby can tell at a glance what the market leaders are doing. In addition, the Dow-Jones industrial, utility, and railroad averages will appear each hour, seconds after they are released in New York.

The Allyn board, designed and manufactured by The Teleregister Corporation, will show the day's open, high, low and last for each stock, and also the preceding day's close. In addition to the averages, the board will show the New York Stock Exchange hourly volume.

Securities Salesman's Corner

By JOHN DUTTON

Clientele Building

(Article 2)

If a profitable and pleasant relationship is to be established with several hundred people that can be serviced properly, and in return will supply an investment man with a constant source of business, then there are certain qualifications which you must find among your prospects if you are going to build such a loyal clientele.

Here Are the Ingredients

Your prospect should be the sort of person that is temperamentally geared to go along with you. That means, he likes you, you like him, you have some thoughts and ideas in common regarding other things in life besides investments. If you are a friendly and warm person, you will find that the taciturn and coldly analytical fellows won't go for you anymore than you will for them. Seek out people **that will like you.** You can do business with people who are responsive to your personality —don't waste time on the others. (If you are an adaptable and friendly person you will find that this won't be much of a problem —most people are willing to meet others half way — it's a pretty good world.)

Try and build up a reputation as an investment man in your area. Seek out the people who are interested in preserving their capital, improving their income, and who want to build up their assets on a solid, long-term basis. There is no point in trying to develop a clientele among speculators who are only looking for tips—you can't build a clientele with speculative securities anyway. It is a quick-sand and a mirage to think that you can go out and establish a clientele based upon speculative securities. For a while you may go along famously but when business conditions or the markets take a turn it's all over. There is no stability to be expected. People should have a portfolio of securities that they have bought for **income** and **long-term growth,** or they should be interested in building up such a portfolio, in order to qualify for your clientele of investors.

Now we come to third requirement of your Grade A prospect. Good investment results requires a meeting of minds between you and your customer. It means a knowledge of his objectives and his thinking. It is necessary that you have the available time to sit down together and plan a program that will be as satisfactory to your client as you can possibly develop over the years. If he is a person that likes you and you like him, if he has the problem of more income, more stability of his capital, more growth, whatever it may be, get it down on paper. See what he owns, understand his needs for living, get in there and show him that **he can benefit from your business relationship.**

You can show him that you can help him overcome the burden of making important decisions, that you can improve his tax status, you can increase his income, you can reduce his speculative risk, you can add growth to his stagnant or even retrogressing investments, **but you can't do this unless you can first see him at a favorable time and place, and that means more than a five minute interview.**

Time and again I have seen this principle applied to a new account and it has developed satisfactorily. Sometimes you have to be a bit ingenious—people are not going to tell you the things you should know in order to plan and program their investments, unless they have come to the conclusion that they are talking to someone who **can do such a job for them.** Knowledge is power if you don't parade it. But if you know your business it will bring you new accounts and competition will fall by the wayside. I have in my files two letters that have proved the point for me and sometimes when I wonder if it is worthwhile to read the financial papers regularly, and to keep up with all that I can that is necessary in my work, I remember this incident.

I had heard of a prospect that I thought bought securities. I sent him a short letter and suggested that if he would send a list of any and all the stocks that he might own, or was interested in, that reports and information would be sent him that might be helpful. He sent in a list of about 35 securities and when I totaled the amounts the account was high in six figures. He asked me for comments. I spent 14 hours over a two-week period analyzing that account and checking each individual item, as to risk, growth factors, income return, latest developments on individual companies. Finally I sent him a summarized, boiled down, factual resume of his position with certain recommendations.

Several days later my telephone rang and this prospect asked me if he could come to my office and it was arranged. When he came in he put out his hand and said, "I want to thank you for that letter, and I am going to take your suggestion." He laid 4,700 shares of various stocks on my desk and said, "Sell them and then we'll talk about what we are going to buy." I found out later that he had written another firm for an analysis of his list at the same time as I fortunately sent him my letter, and the very fact that my analysis was indicative of the conscientious effort and up-to-date facts I gave him, and that of my competitors was just a cursory review, there was no question about who was going to get the business.

The four ingredients of successful clientele building are: **Find the people who:**

You can work with—temperamentally,

That are **Investors,**

That you can see by appointment,

Measure up in high standards of personal accomplishments so that you can not only gain their confidence, but **keep it.**

With Edward D. Jones Co.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—John J. Maloney has become associated with Edward D. Jones & Co., 300 North Fourth Street, members of the New York and Midwest Stock Exchanges. He was formerly with Scherck, Richter Company as an analyst.

F. I. du Pont to Admit

Francis I du Pont & Co., 1 Wall Street, New York City, members of the New York Stock Exchange, will admit Harry A. Pujals to partnership on May 15.

Gruss Co. to Admit

Arthur B. Cohen will become a partner in Gruss & Co., 52 Broadway, New York City, members of the New York Stock Exchange, on May 13. Carmine J. Teti withdrew from the firm April 30.

E. F. Hutton Adds

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Charles A. Hankins is now affiliated with E. F. Hutton & Company, 111 West 10th Street.

$239 Million Massachusetts Turnpike Revenue Bonds Offered by Nationwide Banking Group

Priced at 100 to Yield 3.30%

A nationwide group of 381 investment banking firms headed by F. S. Moseley & Co., The First Boston Corporation, Blyth & Co., Inc. and Tripp & Co., Inc., made public offering on May 4 of a new issue of $239,000,000 Massachusetts Turnpike Authority 3.30% turnpike revenue bonds, series 1954. The bonds, maturing May 1, 1994, are priced at 100% and accrued interest to yield 3.30% to maturity.

The issue comprises the largest amount of revenue bond financing for a public project in New England history.

Proceeds from the sale of the bonds will be used to finance construction of the initial portion of the new Massachusetts Turnpike, the first modern toll highway in the state. A multipurpose 123 mile expressway, available to trucks as well as passenger cars for its full length, the initial turnpike will cross the state laterally and connect with practically every main motor traffic artery in New England.

The bonds are callable at the option of the Authority, as a whole at any time on or after May 1, 1962, or in part on any interest date on or after May 1, 1959 at a call price of 103. The premium decreases gradually, beginning May 1, 1964 until May 1, 1984 when the bonds will become callable at par.

Interest on the bonds is exempt from Federal income taxes, in the opinion of legal counsel, and from state income taxes in Massachusetts as provided in the Enabling Act creating the Turnpike Authority.

Construction plans of the authority call for a limited access superhighway with 14 toll interchanges. Construction is expected to start in the fall of 1954 and the turnpike should be open to travel in the latter part of 1956.

The turnpike will be four to six lanes wide and going westerly will pass north of Framingham, south of Worcester, north of Springfield and south of Holyoke. It will offer a choice of two routes to New York City including the connection at Sturbridge with Route 15 which meets the Wilbur Cross Highway. At West Stockbridge, the western terminus, it will connect, via the proposed New York Berkshire Thruway, with the New York State Thruway to Buffalo and points west.

At its eastern end, the turnpike will connect about 10 miles outside Boston with the new Massachusetts Route 128, a traffic distribution point northward to New Hampshire, Maine and Canada and southward to Cape Cod and Rhode Island.

Other firms in the underwriting group include:

Dillon, Read & Co. Inc.; Drexel & Co.; Glore, Forgan & Co.; Goldman, Sachs & Co.; Halsey, Stuart & Co. Inc.; Harriman Ripley & Co., Incorporated; Hornblower & Weeks; Kidder, Peabody & Co.; Kuhn, Loeb & Co.; Lehman Brothers; Morgan Stanley & Co.; Paine, Webber, Jackson & Curtis;

Smith, Barney & Co.; Union Securities Corporation; B. J. Van Ingen & Co. Inc.; White, Weld & Co.; A. C. Allyn and Company, Incorporated; Coffin & Burr, Incorporated; C. J. Devine & Co.; Equitable Securities Corporation; Estabrook & Co.; Hemphill, Noyes & Co.; Lee Higginson Corporation; Merrill Lynch, Pierce, Fenner & Beane; Phelps, Fenn & Co.; R. W. Pressprich & Co.;

Salomon Bros. & Hutzler; Stone & Webster Securities Corporation; Bear, Stearns & Co.; Blair, Rollins & Co., Incorporated; Alex. Brown & Sons; John Nuveen & Co., Incorporated; R. L. Day & Co.; Ira Haupt & Co.; Hayden, Stone & Co.; Tucker, Anthony & Co.; Dean Witter & Co.; Braun, Bosworth & Co., Incorporated; Clark, Dodge & Co.; First of Michigan Corporation; Ladenburg, Thalmann & Co.; Reynolds & Co.;

G. H. Walker & Co.; Wood, Struthers & Co.; American Securities Corporation; Bacon, Stevenson & Co.; Barr Brothers & Co.; A. G. Becker & Co., Incorporated; Dominick & Dominick; W. E. Hutton & Co.; The Robinson-Humphrey Company, Inc.; L. F. Rothschild & Co.; Schoellkopf, Hutton & Pomeroy, Inc.

Larry Pulliam Again Celebrates Birthday

Lawrence S. Pulliam

Larry Pulliam, Vice-President and Resident manager of Weeden & Co., Los Angeles, celebrated his birthday on El Cinco de Maio by flying to Honolulu where he spent the evening at a party at the Hulahulani Hotel with a group of friends.

Mr. Pulliam is also Treasurer of the National Security Traders Association.

With J. M. Barbour

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Eldon J. Fairbanks has become associated with John M. Barbour & Co., Citizens Bank Building. In the past, Mr. Fairbanks was an officer of Joseph E. Morris & Co. of Pasadena.

Howard, Weil Adds

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La. — Robert P. Howard is now connected with Howard, Weil, Labouisse, Friedrichs & Company, 222 Carondelet Street.

Joins Draper, Sears

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — George McConnell has become affiliated with Draper, Sears & Co., 79 Milk Street, members of the New York and Boston Stock Exchanges.

Two With B. C. Morton

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—Arnold Barill and Dorene D. Emanuel have become affiliated with B. C. Morton & Co., Penobscot Building.

Richard Harrison Adds

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif. — Ray Simmons has been added to the staff of Richard A. Harrison, 2200 16th Street.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Insurance Stocks

Insurance stocks have been one of the better acting groups in the general market so far this year.

In spite of the fact that insurance shares are customarily thought of as stable investments, the index of insurance stock prices as compiled by "Barron's" for the current year has advanced by approximately 16%. At the end of 1953 this index was at 198.03. It has risen persistently in the current period and at the end of last week was 229.43. Most of the stocks in the index have registered advances so far this week so it is likely that another new high will be established.

During the same interval the Dow-Jones Industrial Average has risen by about 13.5%. At the end of 1953 the Industrial Average stood at 280.43. This index also has risen steadily and on April 29 reached a new high of 318.22. A further advance this week has carried the Average to a new high close to 320.00.

Of course the overall index on the "Average" obscures the individual changes within the group. In other words, all stocks have not done as well as the index would indicate. Indeed, some of the shares are actually lower than at the end of the year. This is true both with respect to the stocks which make up the Dow-Jones Industrial Average and "Barron's" insurance stock index.

In the table below, prices at the end of 1953 and as of May 5, 1954 together with the price range for the current year and the change so far in the current period are shown for 25 of the leading fire and casualty stocks. Prices have been adjusted for stock dividends in the case of Employers Group, Fireman's Fund, Hartford Fire and U. S. Fidelity & Guaranty, so that figures are on a comparable basis.

	—Bid Price— 5-5-54	12-31-53	Points Change	1954 Price Range
Aetna Fire	57¼	56¼	+ 1	59½ - 56¼
Agricultural Insurance	31½	29½	+ 2	32 - 30
American Insurance	27¼	26	+ 1¼	27½ - 25⅝
American Surety	58½	60	— 1½	63¼ - 58¼
Boston Insurance	35½	33	+ 2½	37½ - 33¼
Continental Casualty	126	96	+30	126 - 96¼
Continental Insurance	86¼	75½	+10¾	86¾ - 72
Employers Group	49	46⅜	+ 2⅝	51⅜ - 42¾
Fidelity-Phenix	87¼	77½	+ 9¾	88 - 76
Fireman's Fund	58	54⅜	+ 3⅝	59⅛ - 55
Firemen's (Newark)	32	28	+ 4	32 - 27⅛
Glens Falls Insurance	67¼	62¼	+ 5	67¼ - 62¼
Great American	36¼	32¾	+ 3½	36¼ - 32¼
Hanover Fire	38⅛	38¾	— ⅝	41¼ - 36¾
Hartford Fire	152	139¼	+12¾	156 - 139
Home Insurance	40½	39	+ 1½	42 - 38¾
Insur. Co. of No. Amer.	88¾	82¼	+ 6½	94½ - 83
New Hampshire Fire	42½	44	— 1½	45½ - 41
Phoenix Insurance	102½	101	+ 1½	104 - 97
St. Paul Fire & Marine	41	36½	+ 4½	41 - 35¾
Security Insurance	39¼	35	+ 4¼	39¼ - 35¼
Springfield F. & M.	51	49¼	+ 1¾	51 - 46½
U. S. Fidel. & Guar.	71¾	61	+10¾	71¾ - 58⅝
U. S. Fire	42½	38¼	+ 4¼	44 - 37¾
Westchester Fire	26	25¼	+ ¾	27¾ - 25

The outstanding gain in the group has been that of Continental Casualty. Other substantial increases are shown by Hartford Fire, Continental Insurance and U. S. Fidelity & Guaranty. Most of the gains are more modest. However, prices of three stocks are actually below year end quotations.

In the general market, some of the electrical equipment stocks such as General Electric and Westinghouse have been the most spectacular performers. International Business Machines has also done well as has General Motors, Allied Chemical, duPont and U. S. Steel.

Stocks such as Chrysler, Johns-Manville, American Tobacco, International Harvester, International Nickel and Woolworth have done little.

In several instances current quotations are significantly below year-end prices.

Thus not only has the market been selective with respect to the different groups, it has also been selective as to stocks within each group. Once again it points to the necessity of careful analysis and selection of investments.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

The National City Bank of New York signed a 25-year lease yesterday on 100,000 square feet of floor space in the Socony Vacuum building being erected on a 2-acre mid-town block. The space will be ready for occupancy in the Spring of 1956.

One of the bank's largest branches will be established on the ground floor of the building at the busy Lexington Avenue and 42nd Street corner. Additional space on the concourse will provide personal credit and safe deposit facilities, and there will be a general banking room on that level also. Escalators will connect the banking room on the main bank floor with facilities on the concourse.

The bank will also occupy the entire second floor of the building, comprising more than 75,000 square feet which will be used to house operating departments.

Representing National City at the signing, in addition to Mr. Laeri, were James S. Rockefeller, President, and Harold M. Mills, Assistant Vice-President. Counsel for the bank was Winthrop, Stimson, Putnam and Roberts, represented by George Lamb, Allison Choate, Walter Gibson and Charles A. Nourse.

Witnessing the brief ceremony were representatives of the mortgage institution; Walter M. Harvey, Jr., Second Vice-President, and John M. Gillen, Loan Supervisor, attended for Equitable Life Assurance Society.

The foundation for the building is well under way. The ground breaking took place March 30.

* * *

The Quarter Century Club of **The National City Bank of New York** and **City Bank Farmers Trust Company, New York,** held its 18th annual banquet at the Hotel Astor April 29 with some 1,700 diners present. James S. Rockefeller, President of the bank, addressed the members briefly and Dinner Chairman William H. Hassert was Toastmaster.

Around-the-world membership in National City's Quarter Century Club—those who have served 25 years or more — now totals 2,655; 1,913 in the U. S. and 742 overseas. The group was formed in 1937 with a total enrollment of 254. Today's membership represents approximately 90,000 service years.

* * *

Mr. Charles Diehl, President, **Empire City Savings Bank, New York,** announced on May 3 the election of Mr. George L. Butler, formerly Treasurer, as Vice-President and Treasurer; and Mr. Frederick H. Morris, formerly Secretary, as Assistant Vice-President and Secretary.

* * *

Otto Strippel, associated with **Central Savings Bank, New York,** for 50 years, was honored at a Golden Anniversary Dinner on May 4.

A Trustee of the bank for 13 years, Mr. Strippel began his banking career there on May 2, 1904. He was appointed Treasurer in January, 1927, and Vice-President in January, 1938. He holds the longest service record of any employee ever to be connected with the bank.

* * *

Union Dime Savings Bank, New York, Avenue of the Americas at 40th Street, will open its first branch office at Madison Avenue and 39th Street, on May 6 and 7, according to J. Wilbur Lewis, President.

Union Dime Savings Bank was founded May 18, 1859, when it opened in the basement of a modest little frame building at Canal and Varick Streets.

Ample proof of its immediate popularity is shown by the fact that, one year after its opening, the Bank had 3,074 depositors whose deposits totaled $201,175.26.

After the Civil War, in 1867, the Bank had grown to such an extent that larger quarters were needed, so the Bank erected the first building of its own at Canal and Laight Streets. Growth continued at a rapid rate and, in 1876, the Bank moved uptown to 32nd Street, Broadway and Sixth Avenue. By 1910, the Bank had again outgrown its quarters and moved to its present location at Sixth Avenue — now Avenue of the Americas—at 40th Street.

By 1927, deposits had grown to over $108,000,000, and again the Bank needed more room. This was obtained by taking a considerable amount of extra space in the adjoining building (on 40th Street) which the Bank owned.

It took 84 years of operation for deposits to reach $150,000,000 which they did in 1943. But in the next 10 years, this figure was doubled, as deposits passed the $300,000,000 mark in 1953.

The Bank has assets over $350,000,000, and more than 138,000 depositors. For almost 44 years, the Bank has been serving the west side midtown area, and its Murray Hill Office will bring the same Union Dime service to the east side.

Herbert G. Zilliakus, Assistant Secretary, will be Manager of the new office and Ruth F. Irish, Assistant Secretary, will be Assistant Manager.

* * *

The County Trust Company in White Plains, N. Y., opened its new principal Mount Vernon office at 2 Gramatan Avenue on May 3, following a weekend move from its present quarters at 20 East First Street.

* * *

The Office of Comptroller of the Currency approved and made effective, as of the close of business, April 16, 1954, the merger of **The Ticonderoga National Bank, Ticonderoga, N. Y.,** with common stock of $100,000 and preferred stock of $100,000 par value (retirable value $250,000), into **The National City Bank of Troy, Troy, N. Y.,** with common stock of $600,000. The merger was effected under the charter and title of "The National City Bank of Troy."

At the effective date of merger, the merged bank will have capital stock of $600,000, divided into 120,000 shares of common stock of the par value of $5.00 each; surplus of $2,000,000; and undivided profits of not less than $750,000.

* * *

The Suffern National Bank and Trust Company, Suffern, N. Y., with common stock of $350,000 and **The National Bank of Tuxedo, Tuxedo, N. Y.,** with common stock of $100,000, consolidated as of April 16 under the title and charter of The Suffern National Bank and Trust Company.

At the effective date of consolidation, the consolidated bank will have capital stock of $500,000, divided into 20,000 shares of common stock of the par value of $25 each; surplus of $500,000; and undivided profits of not less than $200,000.

* * *

The First National Bank of Bloomingdale, N. J., increased its common capital stock from $500,000 to $750,000, effective April 21. $50,000 of the increase was made by a stock dividend and $200,000 by sale of new stock.

* * *

The common capital stock of **The Union National Bank of Pittsburgh, Pa.,** was increased effective April 22 from $2,000,000 to $2,500,000 by sale of new stock.

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The Citizens National Bank of Waukegan, Ill., increased its common capital stock from $300,000 to $400,000 by a stock dividend effective April 20.

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By a stock dividend, the common capital stock of **The Marquette National Bank of Minneapolis, Minn.,** was increased from $500,000 to $750,000 and further increased to $1,000,000 by sale of new stock effective April 23.

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The Metropolitan Bank of Miami, Miami, Fla., was admitted, effective April 20 to membership by the Board of Governors of the Federal Reserve System.

* * *

Frederick Greenwood, Vice-President and Manager of the Portland office of **The Bank of California, N. A., San Francisco, Calif.,** retired on April 30, after 40 years service to the banking profession, 18 years of which were spent as Chief Executive Officer of the Portland office. The retirement is effected in accordance with the bank's automatic retirement program. Rogers W. Kimberling, Vice-President, will assume Greenwood's duties as Vice-President and Manager effective May 1.

Mr. Greenwood's banking career began in 1910 at the **Old National Bank, Spokane, Wash.,** where he remained until 1917 when he accepted a position with the Spokane branch of the Federal Reserve Bank. Following a brief military service, he joined the Portland branch of the Federal Reserve Bank as Cashier, becoming Manager in 1920. He held this position until Aug. 1, 1925, when he resigned to join The Bank of California, N. A. as Assistant Manager of the Portland office. On Jan. 1, 1936, he was advanced to Manager and became Vice-President and Manager on Jan. 1, 1947.

During his 40 years of service, Mr. Greenwood has been active in banking organizations, having served three years as a member of the Executive Council of the American Bankers Association and as President of the Oregon Bankers Association during the 1934-35 term.

He is also a member of the Reserve City Bankers Association and at the present time he and Mrs. Greenwood are on a business trip in the East where he attended the annual meeting of this association at Boca Raton, Fla.

Rogers W. Kimberling joined the Portland office of The Bank of California, N. A., as Vice-President in August of last year. He has been with the bank since 1949 when he joined the San Francisco head office as Assistant Vice-President. In 1950 he was elected Cashier and advanced to Vice-President and Cashier in 1952, the position he held until his transfer to Portland.

Prior to joining The Bank of California, N. A., he was Vice-President and Cashier of the **First National Bank of Eugene, Eugene, Ore.,** from 1942 to 1948. While in Eugene, he served as a member of the Executive Committee of the Oregon Bankers Association and as President of both the Lane County Bankers Association and the Lane County Chapter of the American Institute of Banking.

* * *

Citizens National Trust & Savings Bank of Riverside, Calif., with common stock of $3,360,000 and the **Desert Bank, Cathedral City, Calif.,** with common stock of $348,837.20, consolidated as of the close of business April 16, 1954. The consolidation was effected under the charter and title of "Citizens National Trust & Savings Bank of Riverside."

At the effective date of consolidation the consolidated bank will have capital stock of $3,600,000, divided into 225,000 shares of common stock of the par value of $16 each; surplus of $3,600,000; and undivided profits of not less than $1,450,000.

* * *

The United States National Bank of Portland, Ore., opened a branch in Dufur on April 26 following purchase of **Johnston Brothers, Dufur, Ore.,** pioneer banking firm.

Established 50 years ago, the Johnston Brothers Bank played an important role in the development of the Dufur and Wasco county area. H. E. Carleton, widely known consulting engineer, was President of the bank and George McDonald was Cashier. Deposits at the time of the purchase were approximately $2,000,000.

Rodney Cooper is Manager of the new Dufur branch and Oscar Nystuen will serve as Assistant Manager, E. C. Sammons, U. S. National President, announced.

Mr. Cooper has been Assistant Manager at the bank's branch in The Dalles since 1944. He entered the banking field with the old **First National in The Dalles, Ore.,** in 1925 and has been with U. S. National since 1933 when the Portland bank established its branch at The Dalles.

Mr. Nystuen was formerly Assistant Cashier of Johnston Brothers, having joined that organization in 1946.

The Dufur operation marks the second branch added to the U. S. National system since the middle of March and the fourth new unit since August, 1953.

* * *

The United States National Bank, Portland, Ore., has named John J. Sullivan Manager of the bank's branch in La Grande, Ore. The appointment became effective April 19, according to E. C. Sammons, President.

Mr. Sullivan has been with U. S. National since 1948 and has served as Assistant Manager at the bank's Aetna branch for the past four and a half years. He succeeds the late T. B. Lumsden who died April 3.

* * *

Sir Henry Guy Cooper, M.C., D.C.M., of the Anglo Iranian Oil Co. Ltd., has joined the Board of Directors of the **National Bank of India Limited, London, England.**

Continued from page 4

The Port of New York Authority—Its Past, Present and Future

commitments and expenditures for rehabilitation and new construction of marine terminals in the Port District. Our vigorous program of port development and investment has converted the Newark and Brooklyn terminals into two of the finest in the nation.

We entered the marine terminal business in 1944, when the State of New York transferred the Grain Terminal and Columbia Street Pier in Brooklyn to the Port Authority under a purchase agreement. The Grain Elevator was empty and in disrepair, and had been losing money during the 10 preceding years. By 1949 the Port Authority development program of physical rehabilitation, active business promotion and efficient management had made the facility self-supporting, and it has earned a substantial surplus after debt service ever since.

Port Newark

In 1948 the City of Newark leased Port Newark to the Port Authority because the run-down condition of the facility precluded development of steamship services or tonnage movement, and the operation was costing the City approximately $400,000 per year.

After six years of Port Authority management and an investment of $20,000,000 Port Newark now contains the heaviest concentration of new and improved marine facilities in the entire harbor. Tonnage has more than doubled. Translated into terms of community welfare, 2,000 more jobs and an increase of $7,400,000 in payrolls at the facility have resulted from the expanded operations. In addition, Port Newark has been in the black since 1951. As a matter of further interest, during the recent waterfront strike, Port Newark worked its ships without interruption. This was accomplished through our protection of the rights of men who wanted to get on their jobs and do their work.

The Port Authority's latest venture into the marine terminal business occurred on Oct. 1, 1952 when it acquired custodianship of the Hoboken-Port Authority Piers through a 50-year lease agreement with the Federal Government and the City of Hoboken. This property had become virtually inactive due to a series of destructive fires and an inability to develop with changing times.

We are committed to spend $15,000,000 in rehabilitation and new construction within eight years, including the building of two new piers of modern design, and possibly a third. The construction of the first new pier is now underway at an estimated cost of $6,300,000.

In undertaking the Hoboken operation, we assumed that it would be very marginal, barely breaking even over the 50-year period. And it is true that until the new piers are completed we will be carrying a loss on the old piers of approximately $150,000 a year. However, it now appears that the construction of the new piers will result in wiping out this annual deficit and putting the terminal on a self-supporting basis.

This conversion of three down-trodden, practically bankrupt facilities into self-supporting projects is not financial legerdemain. We are simply providing modern marine terminals that did not exist in those places previously. These facilities providing adequate space and efficient operational features, enable tenant steamship companies to operate more economically. A shipping executive has stated that, "Port Newark is worth at least $1 per ton in stevedoring cost savings." Steamship companies are therefore willing to pay rents at a self-supporting level in lieu of possibly lower rents at other older and inefficient piers.

The 1927 Annual Report stated that:

"Very substantial progress was made in 1927 in building the interstate bridges included within the program with which the Port Authority has been charged by the Legislatures of the two States."

The demand for the bridges arose because, in the words of our 1926 Annual Report, "of the growth of use of the automobile for business and pleasure purposes which put a tax upon the capacity of the limited ferry facilities beyond their power to meet." Similarly, today, because of the strain placed upon our crossings by the postwar increase in vehicular traffic we are constructing a $100,000,000 Third Tube to the Lincoln Tunnel.

Joint Traffic Studies

We have also joined with the Triborough Bridge and Tunnel Authority to make comprehensive joint studies of all phases of the arterial traffic pattern in the New York-New Jersey metropolitan area. To those of you who wonder how these two former antagonists were suddenly transformed into partners in a joint study, I can only agree with Bob Moses when he said, "I guess we just got used to each other." The studies will consider five specific projects including a Narrows Bridge between Staten Island and Brooklyn and a lower level of the George Washington Bridge. Before launching the studies we discussed them in quite some detail with both Governor Meyner and Governor Dewey. Both Governors approved and endorsed the joint studies.

The dynamic purpose of these studies is to facilitate the movement of traffic in the metropolitan district and to relieve local communities, including Manhattan, of intolerable street congestion. The proposed projects would not, as has been suggested, pour more vehicles into already overcrowded Manhattan. In 1953 we found that the fastest growing traffic volumes at our facilities were those which have origins or destinations other than on Manhattan Island. Such traffic makes up 55% of the trans-Hudson traffic on weekdays and 70% on Sundays. We hope to "bend" this traffic around this congested island to the north or south by appropriate by-pass routes. For example, the Narrows Bridge study is based upon origin and destination counts which demonstrate that traffic between New Jersey and the south and west on one hand and Brooklyn and New England on the other can be detoured around Manhattan and kept out of the congestion of the Holland and Lincoln Tunnel approach systems.

The Triborough is authorized by statute to construct a Narrows Bridge, but it would have difficulty in going forward with the financing at this time. We conceived the idea that the Port Authority might finance and construct the bridge and then "lease" it back to the Triborough for maintenance and operation. Frankly, neither organization has the foggiest idea of what is meant by the "lease" proposition. It is a convenient way of saying that we believe we can work something out. However, we have joint public responsibilities in meeting the traffic problems of New York and northern New Jersey, and we know that the Narrows Bridge is a keystone of future solutions. Our first job, therefore, is to find out how such a bridge can be constructed and how much it will cost. If we then find that the bridge is economically practicable and the two States decide that it shall be built, we are convinced that between us, and with the inventive legal talents of Dave Wood and Lewis Delafield, we will evolve a financial arrangement that will not only be acceptable to the investment market, but may also be another of those landmarks in revenue bond financing which you have come to associate with the Port Authority. There is, of course, not the slightest intention or possibility of pooling or intermingling the credit of the two agencies.

I might observe that when we speak of the economic practicability of a Narrows Bridge or any other project to be considered in these studies, we mean their economic practicability within the framework of the Port Authority's credit and within the framework of its overall responsibilities and plans in the field of the aviation and marine terminal requirements of New Jersey and New York. A project is not economically practicable unless it can be included in this credit framework, and unless that whole credit framework meets the test of continuous and prudent appraisal by investors. So, too, such a program must be timed to meet the capacity of the market.

I return to the 1927 Annual Report to quote:

"Study and planning of suburban transit facilities to relieve present congestion and provide adequately for the commuter in the future have been undertaken."

The subject of rail rapid transit between New Jersey and New York hit the press again a few weeks ago when the New Jersey Senate Committee on Federal and Interstate Relations defeated a resolution on the subject introduced by its Chairman, Senator Malcolm Forbes. The Port Authority has studied this problem in conjunction with other interested bodies in 1927 through 1931, in 1937, 1938, 1947 through 1949, and again in 1951. We found in each case that while the rail rapid transit system would be physically and operationally possible, it could never be self-supporting. In no case did the railroads who participated in these studies disagree with this conclusion.

In 1951 we advised the New Jersey Regional Planning Commission that the cost of an interstate rail project capable of carrying standard railway cars into Manhattan, with adequate real estate and terminal construction would be in the neighborhood of $300,000,000 to $400,000,000 and that the annual deficits of such a system would be approximately $15,000,000. We advised the Commission further that with the use of subway type cars the project would involve a capital cost of $150,000,000 to $200,000,000 with an annual deficit for such a system of $8,000,000 to $10,000,000. These deficit figures are based entirely on new improvements and do not include the very heavy deficits of the existing suburban rail lines.

Late in 1951 the Commissioners of the Port Authority met with Governor Driscoll of New Jersey to discuss a suggestion which had been advanced that the Port Authority might undertake the financing of a rail rapid transit system between New York and New Jersey.

The Commissioners noted at that conference that the principle of self-support is the whole strength of the Port Authority's ability to carry forward the programs of terminal and transportation development entrusted to it by the two states, and to do so on a revenue bond basis; that the Port Authority's credit structure would be seriously impaired if there was any implication that the Port Authority was even considering the financing of rail transit; that any amendments to the Port Compact under which the Port Authority would have recourse to public subsidy from tax levying sources in support of its projects would destroy the entire concept and character of the Authority.

Our position has not changed since 1951. The Port Authority firmly believes the search for a solution to this difficult problem must be pursued. We supported the creation of the bi-state Metropolitan Rapid Transit Commission and recommended that a restudy be made of the estimated costs of construction and prospective revenues for interstate transit systems. In addition to such an engineering-economic survey, a search should be made for an equitable, financially sound and constitutional program for meeting deficits. The Port Authority will, as in the past, cooperate with the Metropolitan Rapid Transit Commission in its search for a solution.

However, suggestions that the Port Authority enter the rapid transit system remind me of an article on the Port Authority in the May 12, 1949 issue of the "Daily Bond Buyer" which stated in part that:

"Plans are afoot to sell an issue (of Port Authority bonds) to cover the purchase of the City's Staten Island ferries, the Erie, the New York Central, Jersey Central and Lackawanna Railroad ferries and the Statue of Liberty boat . . . the deal may include the purchase of the excursion steamer, the Queens—Mary and Elizabeth—and the Albany Night Boat. Blueprints call for the purchase of Macy's, Saks, Gimbels, Barney's and F. W. Woolworth, all to be merged into a super-duper department store delux."

We received an apology from the Editor that this article had been prepared for the annual burlesque issue of the "Daily Bond Crier" and had inadvertently crept into the dignified pages of the regular "Buyer."

In the meantime, our Executive Director, Austin Tobin, advised the paper that it would be most imprudent to merge the above facilities without providing for the heavy future power requirements and that preliminary negotiations with the Atomic Energy Commission were already underway looking to the transfer of their operations to the Port Authority. He ended by saying that, "Incidentally, it would appear that the number of Port Authority bond issues and installments will require a special financial journal for the daily information of the Street in the very near future. Is the 'Bond Buyer' for sale?"

Gentlemen, all of this was in jest. We thank Senator Forbes and others for their expressions of confidence in the Port Authority's ability to construct and operate a rail rapid transit system, but we are neither empire builders nor financial magicians. A deficit-ridden New Jersey Rail Rapid Transit System, as well as a deficit-ridden New York City Transit System, cannot be financed within the limitation set upon the Port Authority's program by the two States in the Treaty of 1921—that its facilities, as a group, must be self-supporting. We are equipped to deal with limited objectives of port development that can be accomplished within a self-supporting structure. We can foresee, during the next 10 years, an investment of $500,000,000 in self-supporting vehicular, airport, and marine terminal facilities for which there is already an apparent demand in order to make this Port District both a better place to live and a better place to make a living. Saddling the Port Authority with deficit-ridden operations would destroy the self-supporting concept of the Port Authority and jeopardize the existence of the Port Authority and the continuance of its constructive public work.

In regard to this work, I would like to submit a short paragraph from a report of the Chamber of Commerce of the State of New York, entitled "A Statement of American Economic Principles":

"Where government or governmental agencies enter a field which might otherwise be regarded as within the area of private enterprise, they should do so with great caution. A notable example of this cautionary spirit is to be found in the development of The Port of New York Authority . . . . Operated by businessmen, with staffs of experts chosen on the basis of merit, and financed on a self-supporting basis, it has avoided the evils of governmental bureaucracy and governmental waste and has been of great service to business and industry."

This port development program has been made possible by the fact that you gentlemen of the financial commuunity have helped us to get the money to do the job. You have marketed 44 issues of Port Authority securities amounting to over $830,000,000. The occasion of this speech provides a long-sought-after opportunity for me to say, thank you.

J. & W. Seligman Marks 90th Anniversary

J. & W. Seligman & Co., which started business when Lincoln was President, is celebrating two anniversaries May 1. On May 1, 1864, Joseph Seligman and his brothers founded the financial firm, and on May 1, 1869, the company was admitted to membership on the New York Stock Exchange.

Joseph Seligman, who hired Horatio Alger, Jr. as a tutor for his children, might easily have been one of Horatio Alger's heroes. The oldest of eight Seligman brothers, he left Bavaria for the United States in 1837 with $100 sewn in the lining of his trousers. By 1860, he and his brothers had risen from itinerant peddlers to high rank in the mercantile world of New York and San Francisco. During the Civil War Joseph succeeded in placing millions of dollars of United States government securities in Europe at a time when the credit of this country, especially in pro-Confederate England and France was poor. His Civil War banking activities were the foundation of the present firm.

In those days America was dependent for its growth on foreign capital and the firm had international interests almost from the start. As early as July, 1868, on the day that Cyrus Field's first Atlantic cable was completed, J. & W. Seligman in New York sent a message to its London branch about a gold shipment that had arrived from its office in California. By the end of the '60s, the Seligmans had established offices in London, Paris, Frankfort, New Orleans and San Francisco. The London and Paris firms, Seligman Brothers and Seligman & Cie, are still active as independent houses. The San Francisco firm was the forerunner of the present Anglo California National Bank.

Throughout the latter half of the 19th century the House of Seligman was identified primarily with the construction, financing and reorganization or railroads, especially in the rapidly changing West. The Seligmans, in fact, had played an important role in the West from gold rush days, when Jesse Seligman was a San Francisco merchant and member of the vigilantes. For many years the firm was actively interested in what was then called the Atlantic & Pacific Railway and the Pacific of Missouri. The House of Seligman also participated in the financing of other roads, and at one time Joseph Seligman even bought an engine, christened it "Seligman" and rented it to the Memphis, Carthage and Northwestern Railroad for $70 a week.

The firm also played an important part in the public affairs of the United States. Joseph Seligman was offered the post of Secretary of the Treasury by Grant. Though Joseph declined, Grant called on him frequently for advice. In 1871 the House of Seligman was part of the first banking syndicate in the United States — a syndicate formed to place the country's funded Civil War debt.

The Seligmans had a role in many other well known episodes in the financial history of the 19th century. They helped handle the financing of DeLessep's Panama Canal Co. When that venture failed, Isaac N. Seligman appealed to Mark Hanna, who was then a Senator, to obtain the equipment and franchise of the French company for the United States. Hanna led the movement in Congress for the Panama Canal Bill, which was passed in 1902.

The House of Seligman also participated in some of the outstanding financing of the present century. It helped to underwrite United States Steel Corp. at its formation in 1901, and in 1910 was part of a banking group that secured control of General Motors. In the 1920's the firm played a prominent role in the reorganization of a number of railroads—among them the Missouri-Kansas-Texas Railroad Co. and the St. Louis-San Francisco Railway Co.

In 1929, J. & W. Seligman & Co. sponsored Tri-Continental Corp. which today has assets of $191,000,000 and is the country's largest closed end investment company. Tri-Continental was among the first investment companies to establish a separate investment research organization. That organization today is a separate company, Union Service Corp., which furnishes investment research and administrative services at cost not only to Tri-Continental but to three mutual funds: Broad Street Investing Corp., National Investors Corp. and Whitehall Fund, Inc. Three Seligman partners serve on the executive committee of Tri-Continental and the three mutual funds, which altogether have assets of approximately $275,000,000.

In 1938, upon the formation of Union Securities Corp., of which partners of J. & W. Seligman Co. are officers and directors, the firm withdrew from the underwriting business. Union Securities, a wholly-owned subsidiary of Tri-Continental Corp., now has capital assets of $13,000,000.

Partners of J. & W. Seligman & Co., which remains active in the brokerage and investment advisory fields, are Francis F. Randolph, Henry C. Breck, Cyril J. C. Quinn, Stayman L. Reed, the Estate of Earl Bailie (limited) and the Estate of Frederick Strauss (limited).

Niagara Mohawk Power Pfd. Stock Offered by Harriman Ripley Group

Offering of 210,000 shares of Niagara Mohawk Power Corp. preferred stock, 4.10% series, at $100 per share was made yesterday (May 5) by a syndicate headed by Harriman Ripley & Co., Incorporated.

Net proceeds from the sale of the stock will be used by the company to pay $15,400,000 borrowed from banks since November, 1953, to meet construction costs; to reimburse the company's treasury and to finance in part the company's construction program.

The new preferred stock will be subject to redemption at prices ranging from $104.50 to $102 per share, plus accrued dividends.

Niagara Mohawk Power Corp. is engaged in the electric and gas utility business in New York State. The company provides electric service in an area having a total population of about 3,100,000. Principal cities served are Buffalo, Syracuse, Albany, Utica, Schenectady, Niagara Falls and Troy. It also distributes natural gas purchased from New York State Natural Gas Corporation, and a small amount of liquefied petroleum gas, in areas in central, northern and eastern New York, having a total population of about 1,200,000. In 1953, about 85% of its consolidated operating revenues was derived from the sale of electric energy and about 15% from the sale of gas.

For the 12 months ended March 31, 1954, the company and its subsidiaries, showed in an unaudited report, total consolidated operating revenues of $203,430,000 and net income of $26,582,000. Consolidated operating revenues for 1953 aggregated $205,244,000, while net income was $26,343,000.

Green, Erb Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Stanley A. Jankovich and Louise A. Westcott are with Green, Erb & Co., Inc. NBC Building, members of the Midwest Stock Exchange.

With Hayden, Miller Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Norman E. Burden has become affiliated with Hayden, Miller & Co., Union Commerce Building, members of the Midwest Stock Exchange.

With FIF Management

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Ruth M. Steen has become affiliated with FIF Management Corporation, 444 Sherman Street.

Mutual Funds

By ROBERT R. RICH

THE AXE-HOUGHTON weekly business index has advanced slightly during the last three weeks, owing to gains in all components.

The recovery in raw material prices is proceeding approximately as one might expect as an indication of the early stages of a general business upturn, Axe reports. There is usually a lag between upturns in raw material prices and the time when the improved demand is reflected in the few reliable weekly figures available on industrial production, and an even longer lag before it is reflected in the monthly production figures.

Inventories in most industries are high so that it would not be surprising if the lag between the first upturns in raw material prices and important upturns in the actual production figures were unusually long, the Axe survey comments. Automobile production, for example, increased from 438,000 cars and trucks last November to 627,000 cars and trucks in March, but steel ingot production declined.

Preliminary new passenger registration figures seem to confirm previously published estimates of a substantial upturn in automobile retail sales in March. Ford and General Motors continue to lead the advance.

A STORY of continuous investment misfortunes with a happy ending is told in a folder called "It Couldn't Be Worse" recently published by Hugh W. Long and Co., national underwriters of Fundamental Investors, a $185,000,000 mutual fund. The folder, aptly timed in these days of new market highs, reviews the investment results of a chronically misfortune investor named Jonah Jones. With unerring bad luck Mr. Jones invested $1,000 regularly in shares of Fundamental at the highest price in each of last 21 years.

The folder reveals that despite this incredible series of wrongly time purchases Mr. Jones' investments, which cost $21,000, were worth $38,031 on March 31, 1954 and had yielded $10,728 in income dividends. Though Mr. Jones is a hypothetical person, the facts and figures on how his 21 "wrongs" aded up to a big "right" are based on the actual performance record of shares of Fundamental Investors for the entire life of the fund..

"THE DOW JONES Industrial Stock Average, at its present figure of over 300 is at a level not reached since 1929. Are 'stock prices high — perhaps too high?" asks Group Securities in a current "Brief Case."

"Before looking elsewhere, let's check on the 'gauge' by which we are making our measurement. When this 'gauge' says 300 it's reflecting dollars or dollar price. And everyone knows that dollars have about halved in 'size' over recent years, in fact since 1939.

"If a stock was split two for one, everyone would expect to have 200 shares for each 100 previously had. With the dollar split two for one it is unreasonable that stocks should sell for more dollars?"

Group's "Brief Case" contains a chart showing a picture of the stock price as reflected by the DJ Industrial Average — in dollars without regard for their value—and another which adjusts for their shrinking value. On the adjusted chart the DJ Average stands at around 160. "Stocks do not look so high," the publication states, "when the adjustment is made, in fact they look rather low."

In addition, Group points out that American industry is serving 29 million more people than in 1939; 38 million more than in 1929. Total output and earnings of American business last year were more than four times that of 1939.

INCORPORATED INVESTORS, mutual investment fund, reports net assets of $143,909,632, highest in history, in its 113th quarterly report issued yesterday. During the first quarter the net asset value per share increased 10.4% to $11.18.

Chairman William A. Parker and President Charles Devens state, in a message to stockholders, that the fund remains substantially fully invested. The management believes an upturn in business is probable before the end of this year.

Principal changes in the portfolio during the first quarter were:

PURCHASES

	Bought
Consolidated Engineering Corp.	10,000
Louisiana Land & Exploring	20,000
St. Lawrence Corp., Ltd.	15,000
Superior Oil	600

SALES

	Sold
Erie Railroad	45,000
MacMillan & Bloedel, Class B	30,000
Mission Corp.	18,000
Northern Natural Gas	25,900
Northwest Airlines, Inc.	37,000
U. S. Smelting	20,000
West Indies Sugar	35,000

FIDELITY FUND recorded a $14.3 million increase in net assets in the first quarter of 1954 to boost the total on March 31, last, to a record high of $106,053,756 from $91,793,299 at the year-end, according to its report for the quarter.

For the 12 months ended March 31, 1954, the increase in assets amounted to $20 million.

Net assets on March 31, last, were equal to $18.72 a share on the 5,665,775 shares outstanding, as compared with $17.23 a share on the 5,326,261 shares outstanding at the year-end.

Edward C. Johnson, 2d, President, said that during the quarter ended March 31, last, net income from dividends and interest on portfolio securities (as adjusted to prevent dilution or increase due to sales and repurchases of shares of the Fund) amounted to $1,253,243, or about 22 cents per share.

The report listed upwards of 140 securities in the portfolio on March 31, 1954, with 95.5% of net assets in common stocks, 1% in preferred stocks; 1.5% in senior securities and governments; and the balance in cash and receivables.

Among the more than 20 principal industry groups represented in common stock holdings, the largest—in petroleum—amounted to 15.4% of net assets. Other of the larger common stock holdings by industries included: utilities, 13.5%; railroads, 10.9%; insurance, 7.1%; paper and pulp, 7.5%; and rubber, 4.7%.

IN VIEW of actual or proposed tax changes on personal income, including dividend income, Knickerbocker Fund believes it w'll serve its shareholders' interests best at this time to place more emphasis on income than on security profits in managing the Fund's investments. Another purpose in emphasizing real income at this time is to provide a more stable, though not necessarily a higher, distribution than in the past.

GROSS SALES of Delaware Fund in April amounted to $425,469 for an increase of 21.7% over the like month last year, according to W. Linton Nelson, Chairman of the board, Delaware Distributors, Inc.

Mr. Nelson added that April sales were the largest for any month since Delaware Distributors, Inc. began distribution of the shares in November, 1952.

Delaware Distributors was organized late in 1952 by the investment advisory firm of Barringer and Nelson which holds the investment advisory contract of Delaware Fund.

TOTAL NET assets of Investors Mutual rose from $472,360,654 to $565,311,429 between Sept. 30, 1953, and March 31 of this year, an increase of $92,950,775 in six months, the fund's semi-annual report to its 170,000 shareholders reveals.

Net asset value of the fund's shares increased from $13.46 to $15.04 per share during the first half of the fiscal year, the report showed.

As of March 31, 61.46% of the portfolio of Investors Mutual, Inc., was in common stocks, 25.98% in preferred stock and 11.73% in bonds.

National Begins Twenty-Fifth Year

National Securities & Research Corporation, sponsors and managers of the National Securities Series of Mutual Investment Funds with over 85,000 shareowners and combined net assets of more than $160,000,000, today enters its 25th year of operation.

"The corporation was established on May 1, 1930 on the faith that it could render a valuable investment service to a large portion of the American population, particularly those with relatively small incomes and those thousands upon thousands of people who have never participated in the ownership of successful American Corporations," Henry J. Simonson, Jr., President, said in noting the occasion.

"During the past 25 years," he added, "there have been many developments of historic importance, including two wars, four periods of prosperity and three of depression, but during these years, the faith of the founders and their associates has remained firm and the corporation has expanded its services to an ever-increasing number of investors."

Among the signers of the certificate of incorporation of the company were Mr. Simonson, who is also chairman of the board, and Douglas Laird, a director and vice-president in charge of sales for 20 years. Mr. Laird has remained as a director and advisor to the corporation since his retirement in 1950.

With the company since its founding are H. Kenneth Meyer, a vice-president, and W. L. Bailey, secretary. George Sellers Smith, a vice-president and director, joined the company in November 1930.

Canada Fund Forms Own Advisory Board

In a move to provide the management of Natural Resources of Canada Fund, Inc., with more intimate contact with the developments in the natural resource fields of Canada, Frank L. Valenta & Co., Inc., managers, announced the appointment of an Investment Advisory Board to work with the management in supervising investments for the Fund. Frank L. Valenta, President, declared that the additional technical and research experience which the members of the new board will bring to the management should prove very beneficial over a period of time. These men are all residents of Toronto.

Comprising this board are: George S. Armstrong, Engineer and President and principal owner of Canadian Business Service Ltd., an investment counseling organization; John S. Brown, President of Empire Acceptance Corporation, Ltd. and President of Empire Finance Corporation, Ltd., and a recognized authority on the pulp and paper industry; C. H. E. Stewart, President of Central Porcupines Ltd., and a consulting mining engineer with experience in mining in Canada, United States and Mexico.

Mr. Armstrong studied engineering in the University of Toronto, from which institution he was graduated. After finishing college, he worked with the Northern Peru Mining Co., a subsidiary of American Smelting & Refining Co. for three years after which he was associated with Steel Company of Canada.

Leaving there he joined Phelps Dodge Copper Co. and for two years operated an assay office in Sudbury, Ontario, where he also did consulting work. Leaving in the early 1930's, Mr. Armstrong came to the United States, where for a few years he supervised investment accounts.

Then in 1940 he returned to Canada and assisted in the formation of Babson's Canadian Reports, serving as Vice-President for one year. Resigning, he organized Canadian Business Service Ltd. which he has continued to operate successfully. This service employs a large research and advisory staff including graduates of universities in the United States, Canada and Great Britain.

Mr. Brown's early business career was with the Royal Securities Corporation, Ltd. with which organization he served in various official capacities in offices in Canada and the United States for a quarter of a century, with four years out for service in the Canadian Army in World War I.

Mr. Brown left Royal Securities Corporation, Ltd. to become a partner of the investment firm of Harvey Milner Co. and later became a partner of Milner Ross Co. where he remained until 1946, when he retired. Then in 1950, after four years of retirement, Mr. Brown formed Empire Acceptance Corporation Ltd. and this year formed Empire Finance Corporation Ltd.

C. H. E. Stewart, in addition to the Presidency of Central Porcupine Mines Ltd., is a director of Noland Mines, Ltd., Warlund Mines, Ltd. and Windward Mines, Ltd. Mr. Stewart's mining experience dates back to 1919 and in the years between 1934 and 1938 he was particularly active in aerial exploration. At the University of Toronto, from which institution he was graduated, he majored in mining. During World War I he served with the Canadian Army, R. F. C. and R. A. F., with service in England, France and Belgium. In World War II, Mr. Stewart served with the R. C. A. F. He received the King's commendation for valuable service in the air. He is a member of the Professional Engineers, Ontario; Canadian Institute Mining & Metallurgy, American Institute Mining & Metallurgical Engineers.

Railroad Securities

Pennsylvania Railroad

The impact of the business slump is beginning to be revealed in the recent reports of railroad earnings, though, thus far, there appears to be an irregular trend both in gross and net revenues of the principal carriers. One illustration of the effect of the current so-called "mild recession" is the report of March earnings of the Pennsylvania Railroad, the nation's largest carrier. This company reported a net loss of $1,588,000 for the month and an operating loss for the first quarter of the year aggregating $9,975,000. In the same period last year the company showed a profit from operations.

The March gross earnings of the Pennsylvania was $70,133,815, a loss of 20.4% from the $88.1 million of March, 1953. The gross for the quarter totaled $207,936,361, off 17.3% from the $251.6 million of first quarter 1953.

Explaining the situation, the company issued a statement, stating "the downward trend in carloadings seems to be leveling off. This is encouraging. We estimate the volume of business to be handled during the remaining months of the year will gradually improve."

In explanation of the poor operating results for the first quarter, the company stated: "The lower level of production in the steel industry has affected the freight volume of the Pennsylvania to a much greater extent than most other railroads, as nearly 30% of the gross freight revenue of the Pennsylvania is normally derived from freight traffic of the steel industry. Also, the steel mills this year have been drawing on stock piles of ore, coal and scrap.

"With the relatively large volume of passenger train service on the Pennsylvania, and its accompanying losses, the reduction of overall expenses is more difficult and cannot be accomplished quickly."

In addition to economy moves which began last year, the company has under way a plan to carry motor truck trailers on railroad flat cars, and thus furnish a "piggy back" service to shippers.

The company will begin the program with 90 flat cars of standard 50-foot design. It has under order a fleet of 200 new depressed — center, 75-foot flat cars capable of carrying two trailers each. They're slated for delivery in August.

The system of handling loaded trailers on existing fast freight trains will begin by serving four major cities — New York, Philadelphia, Pittsburgh and Chicago. Walter Franklin, President of the Pennsylvania, revealed that tariffs for the new service will be filed May 17 at regular motor carrier rates and that in the experimental stages the trailers used will be owned or leased by the railroad itself.

"The initial tariffs will be limited to local points on the Pennsylvania Railroad," Mr. Franklin reports, adding, "consideration of tariffs for establishing joint arrangements with other lines will be postponed until after experience with the initial service provides a better perspective for estimating the results of an extension. As this type of business develops sufficient volume to allow through trains between major cities, we would then be able to further improve the service."

Public vs. Private Power in South

Members and guest of the Municipal Forum of New York will hear a debate on "Public Power vs. Private Power" at their luncheon meeting at 12:15 Monday at the Downtown Athletic Club. Upholding the advantages of public power will be George Dempster, Mayor of Knoxville, Tenn., which is situated in the heart of the territory served by the Tennessee Valley Authority. His opponent will be C. Hamilton Moses, Chairman of Arkansas Power & Light Company, who has established a reputation as a champion of private power as head of a private company operating in an area adjacent to major public power projects.

Curtis Woolfolk With Lester, Ryons & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Curtis B. Woolfolk has become associated with Lester, Ryons & Co., 623 Hope Street, members of the New York and Los Angeles Stock Exchanges. Mr. Woolfolk was formerly a Vice-President of the Central Republic Company of Chicago.

Simpler and Better

"It is probably surprising to laymen and even to some professional economists to realize that most forecasting schemes do not prove to be superior in practice to so-called 'naive' models which assume that current sales will continue into the near future unchanged, that a very recent rate of change will continue into the future, or that some simple, unrationalized mode of behavior will be manifest. Fortunately or unfortunately — depending upon whether one seeks simple forecasting techniques or evidence of the wisdom and competence of the economics profession — these naive models have for some kinds of economic forecasting and for many individual firms seeking to forecast their own sales proved superior to the most intricate and labored of the methods of the trained economist or econometrician."—Prof. James H. Lorie, University of Chicago.

Three cheers for the hard-headed businessman who has not lost his commonsense in this era of formulae and highbrow wordiness!

Public Utility Securities

By OWEN ELY

Columbus & Southern Ohio Electric Co.

Columbus & Southern Ohio Electric serves electricity (plus a negligible amount of heating) to an area of about 6,200 square miles, including all or parts of 22 of the 38 counties in the State of Ohio, with a population of 850,000. These are situated in the central and southern half of the state. For operational purposes, the territory is divided into the Columbus District and the Southern District.

The Columbus District consists of eight counties having an estimated population in 1953 of 585,000 and includes the City of Columbus, situated in Franklin County, and 61 other incorporated municipalities. Columbus is the Capital of the State, the third largest city in Ohio, and ranks 28th in population among the cities of the United States. It has been growing faster than Ohio and the east north-central States, and more rapidly than the United States. Between the censuses of 1940 and 1950, Columbus added more persons to its total population than any other city in Ohio.

Industrial and commercial kilowatt-hour consumption increased from 202 million to 725 million from 1940 to 1953, or 258%. For the Columbus metropolitan area (which includes all of Franklin County), employment increased from 140,000 in 1940 to 259,000 in 1953, an increase of 85%. During the same period the number of manufacturing establishments increased 59% and employment in such establishments 104%.

Columbus is almost in the exact center of the state and is served by five major railroads, two major air lines and the principal intrastate and interstate motor carriers. Its industries are diversified and no one type of industry is dominant.

The territory of the southern operating district is essentially agricultural in character, consisting principally of the production of grain, fruits, tobacco, vegetables, dairy and poultry products. Its principal industries are paper, brick, clay products, cement, iron and steel, fluorescent tubing, packing containers, feed and grain milling, coal mining, sand and gravel operations, salt brine products and more recently, plastic products. Forty-six municipalities are served in this district, the largest of which is Chillicothe with a population of 20,000. The total population of the southern district is 265,000.

The company's 1953 revenues were 40% residential, 23% commercial, 49% industrial and 8% miscellaneous. Average annual residential usage was 2,049 kilowatt hours. For the past several years the percentage increase per year of residential customer consumption has been greater than the national average. The average rate per kilowatt-hour of residential use for 1953 was 3.09 cents.

The company's peak load of 355,300 kilowatts occurred on Dec. 23, 1953, which was 92% of system capacity as of that date. However, on January 28, 1954, the fourth unit at the Poston Generating Station came on the line, with a name-plate rating of 66,000 kilowatts, thus increasing the reserve capacity.

Columbus Transit Company, wholly-owned by the company, provides the principal mass transportation requirements of the City of Columbus and the surrounding area. The Transit Company has no franchise and since Aug. 22, 1953, by virtue of an ordinance of the Columbus Council, has operated on a fare of 15 cents cash, four tickets for 50 cents. At the last November election the electors approved amendments to the City Charter, authorizing the Council to grant a transit franchise and to fix the rate of fare for such service, but provided that the ordinance shall not become operative until it shall have been submitted to a popular vote. However, an important amendment was that any future change in fares should not require submission to a popular vote. The recently appointed Director of Public Utilities for the City is studying the transit situation and the matter of a cost-of-service franchise. The company hopes that when developed the new formula for fixing transit fares will provide a more adequate return on the investment.

Earnings in 1953 were $2.15 per share (on 2,201,360 shares outstanding at the year-end, including 200,000 shares offered Nov. 24). Executive Vice-President Miller estimates that 1954 earnings may be in a range of $2.15-$2.20. The present dividend rate is $1.60, which will probably continue for the present.

Since the Ohio State law directs the State Commission to study reproduction cost (net after depreciation) in regulating rates, and the company in 1953 earned only 5.4% on net book cost (including working capital), it is obvious that the earned return if based on reproduction cost would be quite low. The company is studying its earnings picture with the possibility that it may ask the City of Columbus for an upward adjustment of electric rates, although no definite decision has been made as yet. If such a request should be made in future and rejected, the way would then be open for an appeal, first to the Commission and then, if necessary, to the state courts. Such rate proceedings were common some years ago in the appeals of the Cleveland and Cincinnati utilities.

The stock is currently selling on the New York Stock Exchange at about 28¼ to yield about 5.7%.

Three With Buffett-Falk

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb.—R. S. Knicely, L. C. McCartney and Francis J. Skupa have joined the staff of Buffett-Falk & Company, Omaha National Bank Building.

Now With Bache & Co.

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio — Maurice W. Gilbert has become associated with Bache & Co., Dixie Terminal Building. He was for many years with W. E. Hutton & Co.

With Schoenbrun Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — John S. Brittan has become connected with Leo Schoenbrun, 1385 Westwood Boulevard.

Vance, Sanders Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—John J. Magee has been added to the staff of Vance, Sanders & Co., 111 Devonshire Street.

New Jersey Bell Tel. 3% Debentures at 101

Halsey, Stuart & Co. Inc. heads a syndicate offering today (May 6) $25,000,000 of New Jersey Bell Telephone Co. 35-year 3% debentures due May 1, 1989, at 101% and accrued interest to yield about about 2.95%. Award of the issue was won by the group at competitive sale on Wednesday on a bid of 100.511%.

The company intends to use the net proceeds from the financing to repay advances from its parent organization, American Telephone & Telegraph Co., which are expected to appropriate $25,800,000 at the time the proceeds are received.

The debentures are subject to redemption, at the option of the company, at prices ranging from 104% to par, plus accrued interest.

New Jersey Bell Telephone Co. furnishes local telephone service within the State of New Jersey, and toll service within the state and between points outside of the state in conjunction with other companies. The companies also offers other services, including teletypewriter exchange service, mobile radio-telephone service and services and facilities for private line telephone and teletypewriter use, for the transmission of radio and television programs and for other purposes. Revenues are also received from the sale of advertising space in telephone directories. On Dec. 31, 1953, the company had 1,952,912 telephones in service throughout the state of New Jersey.

For the year 1953, the company had total operating revenues of $188,088,892 and net income of $16,564,610, equal to $6.46 per share, based on the average number of shares outstanding. In the previous year, total operating revenues were $173,038,890 and net income was $16,139,899, equal to $7.34 per share, based on the average number of shares outstanding.

Municipal Bond Club Gets New Slate

The nominating committee of The Municipal Bond Club of New York has nominated the following slate of officers for the year 1954-1955; Jonas C. Andersen of Kuhn, Loeb & Co., President; Donald C. Patterson of Chemical Bank & Trust Co., Vice-President; J. Dalton Couig of Hirsch & Co., Secretary, and Joseph F. Vandernoot of R. W. Pressprich & Co., Treasurer.

The annual meeting of the Club will be held on Friday, June 11, 1954 at 2 p.m. in the sports room of the main club building of the Westchester Country Club in Rye.

Joins Ross, Borton

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — John G. Lincoln, Jr., is now with Ross, Borton & Simon, Inc., The 1010 Euclid Building.

Continued from page 13

The Atomic Revolution

one-third of present U. S. power costs. These estimates, bear in mind, are being made before the first, full-scale power plant has even been built. How can any one doubt that American ingenuity will bring nuclear energy into sharp competition with existing sources, *when it is already starting out at only twice the current figures?* The answer seems obvious.

Must Achieve Revolution in Energy Sources

On a second score, too, the atom *must* achieve a revolution in our energy sources. This is simply because the potential reserves of energy from fissionable materials are now estimated to be over 20 times that available from existing mineral fuels—coal, oil and gas. We must bear in mind, first, that the rate of energy used is growing more rapidly, even, than our population rate. We are therefore forced to anticipate those demands which cannot be met by our capital resources in existing fuels. Furthermore, the varied uses of coal, oil and gas, which could not be met by fissionable materials, caution us to conserve them. We cannot ignore the increasing demands of liquid fuel for mobile power, plus coal derivatives and petrochemicals. Thus, I think, fissionable materials are arriving just in time to substitute a brighter lamp for the candles we now burn at both ends.

The "Portability Factor"

Thirdly, we come to a factor which may seem like the same point I have made on economics, but actually is quite different. This I call simply the "portability factor" or the great concentration of energy contained in fissionable fuels. Given time, in our world economy, low cost energy will attract capital and seek out its own practical area of development. We can also count on atomic energy doing that in the future—extending the present range of power from coal, oil and water, with their limits of economical transmission. None of these present fuels, however, has the capacity to vault mountain barriers, jungles and desert wastelands with the unimpaired energy of the atom.

Let me describe these potentials in another set of terms. The tremendous growth in per capita use of energy in this country of ours is not merely due to the genius of our engineers in lowering the cost of energy. It goes basically to the great increase in the effective recovery of energy, in its "portable" form, from the days before the Industrial Revolution to the present Atomic Revolution. The pound of coal we use today may produce about one kilowatt-hour of energy. This is roughly 2,000 times the energy equivalent of a pound of muscle-power, our prime energy source back in the days of our colonial beginnings. Hence in the whole lifetime of our nation the "portability" or concentration of our usable energy has increased by this factor of 2,000.

In comparison with this, what does the atom offer? A pound of the pure, fissionable material, uranium 235, we are told, has the energy value of, say, two and one-half million pounds of coal. Even if we were to realize only *1%* of that energy value, the portability of our energy would be increased by a factor of 25,000. Compare that factor of 25,000 and its implications on the range of energy exploitation that lies in the next generation, with the growth that has taken place from a 2,000-fold concentration of energy spread over a period of 200 years.

Progress in the field of atomic propulsion, of course, offers fantastic prospects in the years ahead. The world's first atomic-powered submarines, the revolutionary "Nautilus" and "Sea Wolf" will be able to cruise submerged at speeds in excess of 20 knots. A few pounds of uranium will give them ample fuel to travel thousands of miles under water, at top speed. They will require no breathing tubes to the surface. Thus, neither fuel nor oxygen need limit their stay under water.

Basically, it is not much of a step from atomic-powered submarines to atomic-powered combat and passenger ships and to nuclear-propelled airplanes and trains. These present different problems, but in the light of gains already made they do not look too far off — but rather well within our compass. I venture to say that we will have them—and in the not-far-distant future. Indeed, I have no hesitancy about picturing for you a world of the *near* future in which atomic energy heats and powers our factories, lights our cities, cooks our food, cures our ills and propels our ships, planes and trains.

And I have hopes that the use of atomic energy in one of its Protean forms will yet solve two of civilization's most difficult problems—the economical distillation of sea water for industrial and agricultural use, and the instantaneous disposal of human and industrial wastes. Each of these is a problem in power, or in transmutation, or in sterilization—problems which, apparently, only the atom is mighty enough and versatile enough to have hopes of solving.

A Thrilling Road

The road from the here of today to this world of the future is not so clearly marked as we would like it, but it is intriguing and challenging—*thrilling* is the word I would prefer. For we are embarrassed by our riches as well as our problems. There are literally a dozen or more promising designs of nuclear reactors for different purposes. After the tremendous stimulus our scientists have given us, the next stage ahead is to resolve our engineering choices. This will be done through the best efforts of chemists, metallurgists, thermodynamacists, mechanical engineers—plus some imaginative financiers and—I hope soon—some equally imaginative and persuasive salesmen.

But the atomic age does not provide us only with an "Open Sesame" to the treasure houses of the world's natural wealth. It has also, with classic irony, given us the key to the "Pandora's Box" of the world's ills and evils. We already have in being a rapidly growing atomic technology. We are beginning, though somewhat faintly, to foresee the *economy* of this new era. But we lack a vigorous exposition of the philosophy of the atomic age. We lack what a great and distinguished churchman has recently called a *"Pax Technica"*—a peace governed by a devoutly ethical responsibility for retaining control over this advance of science which *could* destroy the world.

Confronted with the dissolution of traditional physical forms, the pulverization of matter, and the need to understand our new world not as a world of things and events, but as a universe of infinite and fluid *relations*, the danger is that we may lose entirely any sure sense of being in touch with reality. We may, indeed, under a panic urgency to *"do something"*—do *anything*, and so precipitate disaster. I think James Joyce has well characterized our situation with his sardonic comment:

"History is a nightmare from which I am trying to awake."

And so it is—under the hideous threat of a hydrogen bomb in the hands of "trigger-happy" and frightened men. Yet one does not awaken from a nightmare by continuing to believe in its reality and thus succumbing to it—you awake from a nightmare and its influence by *knowing* it to be unreal and by *overcoming* it. Let us not, therefore, be discouraged by the complexities of the current but only *apparent* transmutation of our physical world, but rather let us be *encouraged* by the boundless opportunities, the limitless possibilities, the marvellously expanding horizons of this new and still unfolding revolutionary atomic age.

Under-Emphasis on Social Revolution

In all current talk, however, of the technical benefits and rewards of the atomic revolution, there is perhaps all too little said of the enormous demand which this atomic revolution even now is putting on our social organization, our business structure, our management men and our statesmen. It should not be difficult to foresee that we shall need to grow new kinds of executives to meet the needs of new corporations and new social structures changed, or transmuted, or born, or born again through the pervasive fertilization of this atomic revolution.

In this upset of the *status quo*, this atomic demolition not only of the "world-that-was" but of the "world-that-is," the need for new political leadership, for new management vision, for a new responsibility in *retaining control* over the advance of nuclear science is as important as, and in direct proportion to, our atomic performance capabilities.

For we have a sober necessity to deter and to defend against atomic *destruction*. We have a moral compulsion to answer the crying need of all peoples for the peace and fulfillment of atomic *creation*. Yet we have, too, a desperate need not to underestimate the power and persuasiveness and persistence of evil. With all our craft and courage, with all our physical and spiritual resources we have need to defend those things which, born of another Revolution, are, above all others, worth defending: our freedom of worship, our freedom of speech, our rights of assembly, of enterprise, of trial by jury, of "life, liberty and the pursuit of happiness," of "government of the people, by the people and for the people"!

Atomic energy taunts us with ideas of new world horizons. The challenge and the opportunity for world leadership are clear—but do we have the wisdom and the initiative and the daring to rise to meet them? And if *we* do not, we may well ponder the question —who might?

I can think now of no closing comment quite so apt as William Laurence's story of an entry in "The Journal of the Goncourt Brothers" of April, 1869, just 85 years ago. The entry describes a conversation between leading scientists of the day, in which they predicted that in a 100 years "man would know of what the atom is constituted" and "would be able to create life (synthetically) in *competition with God.*"

"We have the feeling," the "Goncourt Journal" states, "that when this time comes to science, God, with His white beard, will come down to earth swinging a bunch of keys, and will say to humanity, the way they say at 5 o'clock at the saloon: 'Closing time, gentlemen.'"

Continued from first page

As We See It

diate outlook, and it may well be that in some senses and in certain particulars they are. To some the British appear weak and inclined perhaps to a certain appeasement of the Kremlin. History may prove them guilty of precisely this blunder. The French are doubtless well aware — far more acutely aware than most of us — that they "took" this territory something less than three-quarters of a century ago in a war with China which climaxed a long series of lesser wars in southeast Asia. They know, of course, that they were able to have their way at that time primarily because China was extremely "backward" and had no ally such as Russia and no vigorous central government such as that now ruling in that much bedeviled land. They know, too, that they had a free hand by reason of the fact that Britain was content to see French interests advanced in this area provided the English got what they wanted in neighboring lands.

Two World Wars

Two world wars have apparently taken the heart out of the French. As they see it, they are fighting in southeast Asia to hold something that they took by force and violence, and something that in light of the trend of events in the world at large, they are not likely to be able to hold indefinitely in any event. They are fully aware of what has happened in Korea, and they find it difficult to see how anything much better can come out of a war in Indo-China. Any keen awareness of what the outcome in this area may mean in a world struggle of Communism against the so-called free world is dulled by a large Communist element among them and a leaning toward Communistic notions at home.

The British, too, have suffered two world wars in recent decades. Both were costly, the last one particularly so. They are in a position in which they have to count costs and to move circumspectly in undertakings which might involve them in another such conflict, the more so since they are now extremely vulnerable to modern air attack. They, too, have large numbers among them who are professedly anti-Kremlin, but who are definitely inclined to socialism. There is, moreover, no other country in the world more steeped with the lore, the tradition and the accumulated experience of the centuries of world politics and imperialism. They are, moreover, by long habit and perhaps by temperament, compromisers. They can be counted upon to view any East-West world struggle in a way rather different from that which prevails in this country.

It may well seem to both France and Britain that the United States is unduly and unwisely bellicose at this time, and perhaps particularly so with regard to Asia. They may be right or they may be wrong in believing that with a different, a more amenable, attitude on our part it might be possible for the United States and the Communistic powers headed by the Kremlin to come to some viable *modus operandi* which would tend to free the world of what appears to be the constant and horrible dread of another world war. They may well feel confident in any event that it would be futile to force a showdown, or anything approaching it, with Russia and China on the continent of Asia.

Our Intentions

It is hardly conceivable that they doubt the truthfulness of our denial of any imperialistic ambitions of our own in Asia, or elsewhere. They may very well, however, feel that it is natural enough in all the circumstances for Russia, China and the rest of Asia to question it. The Kremlin is a direct successor to Russian regimes which have for centuries been intensely imperialistic. They have moreover from the first avowed a determination to see the remainder of the world adopt communism, which in existing circumstances seems to mean nothing more or less than Kremlin domination. It is human nature to judge others by one's self. China speaks from a background of centuries of exploitation by the West. We have been sedulously building up military, air and naval bases throughout the world. We have ringed the Communist world with such stations. Constant and insistent demand for a foothold for the West on the Continent of Asia in these circumstances could scarcely be regarded by peoples with Asiatic background as anything but suspect.

We should, of course, be foolish not to take all this into active consideration. We should be even more foolish if we did not reappraise our own international policies in light of the definite possibility that without rather considerable modification of them we may presently find ourselves obliged to face the world of communism rather largely alone. There are many ways in which we could lose our allies and friends. Loss of them in some circumstances may be unavoidable, and such loss could be the least of the evils. In other circumstances the loss of them could be needless and excessively expensive. The time has come for a careful reappraisal in light of all the facts of today and the events of history.

Continued from page 3

Improving the Tax Laws

in deeds during the past year. For I have been repeatedly under fire and invitation to come into those several communities of Pennsylvania and to meet with the Committee of the Chamber. And I have done it. And I have sat around the round table, and I have had everything shot at me under the sun, from questions dealing with politics to high finance, some of which I could answer and some which I couldn't even try to answer; some dealing with foreign problems; but all tending to show a comprehension and an appreciation and determination to carry out the work of the Chamber.

As for these study groups, I suggest to you that if you do in your communities back home as it has been done in my community, if you meet with your Congressman, discuss current affairs in Washington, let him know your wishes, you can do a very effective service to the sitting member here in Washington. Here we do try to represent the people back home. We don't call you lobbyists because you tell us what you think is right or is wrong. We welcome that information. And that is why the Chamber of Commerce of the United States and our different Chambers from the several States are to my definite knowledge welcome on the Hill, by letters and in person, to let us know how you are thinking as to problems in front of us.

So you gentlemen from the 18th Congressional District, I hope you will keep on with this program of contacting your Congressman, who, I trust, will be the one you have today, and in that manner let your representative carry on as you think he should here in Washington.

Rowland Hughes will undoubtedly tell you about how much money we are spending less than was spent or would have been spent had the Democrats remained in power here in Washington. It is away up in some astronomical figure, 14, 15, or more billions of dollars, which is not being spent today, and which, were it being spent, would make absolutely impossible the tax reductions which you American people have already earned as a result of having elected Mr. Eisenhower your President a couple of years ago.

Tax Reductions Made Possible by Reduced Spending

It was in line with the 10% cut in personal taxes scheduled to take place as of Jan. 1 of this year, which could never have been allowed to go into effect had it not been that the Republican Administration cut spending during the first year of the Eisenhower Administration and laid the foundation which did justify the permission for that law to expire as was provided by law.

Secondly, there has been a cut in excise taxes recently of some $999 million, one million dollars less than a billion, nevertheless a sizable amount of money. That cut would never have been possible nor permitted had we not laid the foundation which seemingly justifies it. It would never have been possible if we did not have confidence in believing that by cutting the tax, sales in those areas would increase, and I believe the Federal tax take in the long run increased. But the point is, that business will be permitted to expand; that that $999 million will be in the hands of the American people, to whom I believe most of that tax saving will be passed, and that $999 million will help our economy expand in this day when we do need additional risk capital.

We now have the revision bill, about which I will soon talk, which will include a loss of revenue of $1,400,000,000 in all probability, and we have—and this is what encourages me—real hope of substantial tax reduction as a part of our program, maybe late this year, certainly next year, a bill which will correct inequities, a bill which will do some of the things we would like to do this year, but unfortunately we aren't able to do, simply because we haven't been able to undo in 20 months that which took 20 years to perpetrate.

I think we are doing good to have gone as far as we did. I think the American people should be realistic and, I hope, trusting, as they look and see what we have done in 20 months. And I hope they will realize the vastness of the obligation the Party assumed when we took over and undertook to set our economy on a firm foundation again.

The Tax Revision Bill—A Good Measure

In this bill now being considered by the Senate Finance Committee, which at the moment we call the Tax Revision Bill for 1954, there has gone great effort and sacrifice. There is imbued in it a determination to help the country at the hour that help is needed. There is, I repeat, great effort, effort which started well over a year ago, when Mr. Reed, before the Joint Committee on Internal Revenue, stated that he, anticipating a Republican victory, hoped the Republican Administration would revamp, revise, consider, and write a new code. He suggested that since 1939 there had been 12 major pieces of tax legislation, all of which were fitted together, but none fitted in accurately, so that there were, throughout the then existing law, conflicting positions, inconsistencies, a vast amount of red tape which resulted from the piecemeal passage of legislation.

And he, after receiving the affirmative vote of that committee, proceeded to the preparation of what today is called the Revision Bill for 1954.

I am sure you gentlemen are as familiar as I with the procedure followed by the Ways and Means Committee a year and more ago. Your businesses were notified. You were asked to make suggestions as to what could and should be done to the internal revenue code to change it, what should be done to, in preparing a new bill, remove inequities, and make those changes which you believe would simplify the law and help make its administration better.

We have had the finest of cooperation from the thousands upon thousands of American businesses to whom those questionnaires were sent. You have sent in your recommendations. They were catalogued. They were analyzed by our experts under the direction of Mr. Colin Stam, who has devoted his complete efforts to that problem for the past year and a half, working in closest conjunction with representatives from the Treasury. And all in all, the bill now before the Finance Committee represents an almost harmonious result of their cooperation.

Certainly not everything has been accomplished. Certainly not everything you might wish, everything that you, the Treasury, and the Committee might believe is advisable, has been accomplished today—for the reason that there is involved in each of these changes probably some expense. Recognizing that probably 3,000 changes are already made, that most of them involve some little bit of expense to the Treasury, add them all together, $1,400,000,000 by way of reduction, and you can see why we couldn't expand it to the complete limit to which many of our people thought it should go.

The matter of depreciation was mentioned a bit ago as one of the areas wherein, despite the great length to which the committee has already gone to liberalize existing practices with respect to depreciation, in spite of that, there is great pressure and agitation and belief that there should be some other still more liberal methods, perhaps for all industry, perhaps for limited areas of industry. But we haven't gone into that, maybe because we think it is far enough to go, as we have already done, or perhaps because of the expense to the Treasury involved in still further liberalizing or changing that law.

But it is a subject which will receive a continuing study.

It is a subject which certainly won't hold up the passage of this law, nor should it.

But it is a subject which will, we are convinced, help American business in the future.

There are dozens of items in the bill which will benefit you and your industry. There are many which will benefit you and will benefit me, as individuals, as we prepare our personal tax returns, as we take credit for deductions, and exemptions denied us today and yet permissable under that law, for they are recognized as right and sound, and they will be permitted under the law on which we are presently working.

The Chamber sent out some time ago a most complete letter and argument on the basis of what is called double taxation of dividends, arguing that which we all know, that it was wrong, that earnings should not be taxed twice, once through the corporate body which earns the money and again to the man who risked his capital in creating that corporation, as income to him. And you have commended the committee upon the little step—it is true it is not a full step, but the little step that we have taken to reestablish the principle which so long prevailed in our country, that those earnings should not be taxed a second time.

And you approve, I am sure, of the principle that there should not be this double taxation of these earnings.

Well, that is in the bill. And then, of course, some say we didn't go far enough. And we have heard some say we went too far. But those who say we didn't go far enough aren't unhappy about what we have done. Rather, they say, "Let's get the principle established again. Let's prove that that money which would go into taxes will go back into business and provide more jobs. Let us prove that, and then in another year remove still more of our corporate earnings from that second area of taxation, namely, from the hands of him who risks his capital and earns a dividend therefrom.

And in this bill there are many hundreds of areas about which Mr. Andrews or any one of your accountants could talk far more interestingly and accurately than I can. I can't even explain them. But they are matters which were recommended to the Committee by the Comptroller's Institute, by various other associations of employers, manufacturing groups, tax accounting groups, and so on, all pointing out theories of accounting which, if enacted into law, would simplify the burden upon the business and would make far more easy the proper management of your business, with a view to your personal profit and to keeping your accounts straight with government.

Some Defects in the Bill

Everything is not good in the bill, of course. I personally don't like this plan which forces business to speed up and pay currently your corporate taxes. I don't see that we gain anything by that, and I hope that doesn't stay in the bill. But it is in there. Many people in business don't like it. The Treasury apparently does like it. But whether or not it is there, it is one factor of a great bill, the sum total of which is so advantageous to the American business area, to the American taxpaying public, that I envisage a general and a wide favorable acceptance of this tax.

Now, another area which will please business and which is in accord, I am sure, with wise business practice, is to permit the carrying back of corporate losses for an additional year, all tending to average out the earnings of a corporation, instead of forcing a high payment in one year and no payment in the following year, depending upon the earnings, permitting the carrying back of the losses, and in effect the averaging of the income of the corporation over a period of six years, rather than as the law is today. It is a sound accounting principle, I am told. It is desirable and advantageous to the business world.

One could go on indefinitely talking of different factors within this bill, pointing out that which affects the insurance field, that which affects the private individual as he undertakes to invest his money wisely, that which affects the matter of depletion with respect to minerals. One could talk about the foreign tax credits, one provision of which, in the interest of expanding the American economy abroad—that is the way I answer this question—encourages American money to go abroad and help build up the economy abroad.

We have changed the law so that what has been the Western Hemisphere tax rate of 38%, as contrasted with 52% applicable to American producers here at home, will apply to American businesses abroad in Europe, as it does today in the Western Hemisphere, with a limitation, however, upon the ability levy that 38% tax rate, the limitation being that if more than 25% of the product of that industry abroad is intended for sale in this country, then the rate shall not be 38% but shall be the current rate here at home.

But it is a way of going after business abroad, and it appears to be the purpose of that provision, which is in the law as it passed the House, permitting the application of a 38% rate to earnings abroad of American corporations and businesses over there.

Well, it is a part perhaps of the point four program. It is designed to help us while it helps the people abroad build up their economies, a way for us to show them how it is done. And it is justified, apparently, on that basis. I think it will work. I think if we get American know-how and American money abroad, and we build up the plants over there and sell the goods locally, we will make those people abroad learn from us the way that our economy can best help the world get back on its feet.

The Ways and Means Committee is of course, eagerly watching what happens in the Senate as they revise and amend the bill. They will be doing that within the next week or two weeks, following which the bill will go to conference. And I surmise that there will not be any serious trouble either on the floor of the Senate or in the conference, and that within a reasonable time we will have the tax bill of 1954, a bill which will revise the Internal Revenue Code, a bill which will provide a still firmer foundation taxwise upon which the Eisenhower Administration in the second half of this second term will constructively build a real tax reduction program, a program which will be sound, a program which will prove to the world that in times of peace America, by wise tax laws, by wise spending, can have a strong national defense, a strong economy at home, and that we will do all that in peacetime.

That is what we, of the Ways and Means Committee, we of the Republican Party, we in Congress, are trying to give the American people under the Eisenhower Administration.

Joins Hemphill, Noyes

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Wilbur A. Morris has become connected with Hemphill, Noyes & Co., 9478 Santa Monica Boulevard. Mr. Morris was previously with A. W. Morris & Co.

Reynolds Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SANTA ROSA, Calif.—Alfred S. Jones is now connected with Reynolds & Co., American Trust Building. He was formerly with Wilson, Johnson & Higgins.

Merrill Lynch Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Maurice M. Heffernan has been added to the staff of Merrill Lynch, Pierce, Fenner & Beane, 523 West Sixth Street.

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The State of Trade and Industry

new car sale of this year, with the first-half of 1954 expected to show near 2,700,000 units.

Gearing their production close to the selling rate, domestic factories scheduled 144,677 cars and trucks for completion last week compared with the eight-month high of 147,152 established in the previous week. The same week a year ago netted 172,706 completions.

"Ward's" estimated April output at 529,000 cars and 97,000 trucks for United States plants, compared with an even 526,000 and 100,987, respectively, in March.

It stated that 140,000 car completions in April by Chevrolet put it back in the industry's No. 1 spot with a January-April total of 498,900 compared with 497,700 for Ford which built an estimated 128,100 cars this month. It also noted that Packard begins a two-week plant shutdown this week.

Steel Output Scheduled at Lower Rate This Week

The downward adjustment in the steel industry has been completed, says "Steel," the weekly magazine of metalworking, the current week.

Steel sales, it states, are no longer dropping and steel prices as a whole are remaining steady. The national steel ingot production rate is holding firmly at the slightly increased level it attained two weeks ago.

Principally responsible for the turn-around is the completion of inventory reductions at many metalworking plants, and the stimulants of an off-chance of a steel-workers' strike this summer and the explosive international situation in Indo-China. Either of them, it adds, could catapult a flood of buyers into the market for steel.

Completion of inventory reductions is not limited to steel consumers. Some steel producers have reached their goal on reduction of stocks of semifinished steel, says "Steel."

May holds a promise of improvement in steel output. A survey by "Steel" showed consumers expect to take 3.7% more steel that month than in March. This reflects continued completions of steel inventory reductions and reports on May bookings by some of the steel companies bear this out, states this trade weekly.

One of the reasons for encouragement is the construction outlook. A good volume of construction work continues to come out, and considerable future work is on the drawing boards. Indicative of the strength of construction, 8.2% of all finished steel shipped by mills this year is structural shapes, declares "Steel." In all of last year they totaled only 6.3%.

The biggest user of cold-rolled carbon sheets, the automobile industry, is not making as many cars now as it did this time last year, but it still is a big taker of steel. U. S. automobile output thus far this year is only 10% behind that for the comparable period of 1953, concludes this trade magazine.

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 67.3% of capacity for the week beginning May 3, 1954, equivalent to 1,604,000 tons of ingots and steel for castings, as against 1,637,000 tons and 68.7% (actual) a week ago.

The industry's ingot production rate for the weeks in 1954 is now based on annual capacity of 124,330,410 tons as of Jan. 1, 1954.

For the like week a month ago the rate was 68.0% and production 1,622,000 tons. A year ago the actual weekly production was placed at 2,259,000 tons or 100.2%. 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 Turns Upward in Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, May 1, 1954, was estimated at 8,390,000,000 kwh., according to the Edison Electric Institute.

The current figure represents an increase of 133,000,000 kwh. above the preceding week and an increase of 451,000,000 kwh., or 5.7% over the comparable 1953 week and 1,441,000 kwh. over the like week in 1952.

Car Loadings 2.2% Higher Than Week Ago

Loadings of revenue freight for the week ended April 24, 1954, increased 13,297 cars, or 2.2% above the preceding week, according to the Association of American Railroads.

Loadings totaled 626,181 cars, a decrease of 153,623 cars or 19.9% below the corresponding 1953 week, and a decrease of 153,308 cars or 19.7% below the corresponding week in 1952.

U. S. Auto Output Last Week Declined Below Level of Preceding Period

Automotive production for the latest week ended April 30, according to "Ward's Automotive Reports," assembled an estimated 122,430 cars, compared with 125,269 (revised) in the previous week. A year ago the weekly production was 142,149.

Last week, the agency reported there were 22,247 trucks made in this country, as against 21,883 (revised) in the previous week and 30,557 in the like 1953 week.

"Ward's" estimated Canadian plants turned out 8,904 cars and 1,942 trucks last week, against 8,679 cars and 1,879 trucks in the preceding week and 8,879 cars and 3,215 trucks in the comparable 1953 week.

Business Failures Increase Slightly

Commercial and industrial failures rose slightly to 234 in the week ended April 29 from 229 in the preceding week, according to Dun & Bradstreet, Inc. While casualties continued far above the 169 which occurred a year ago and the 150 in 1952, they were 28% below the pre-war toll of 326 in the similar week of 1939.

The week's mild upturn was concentrated among failures with liabilities of $5,000 or more; these increased to 206 from 190 last week and 143 a year ago. On the other hand, small casualties with liabilities under $5,000, declined to 28 from 39 and were only slightly above their 1953 total of 26 for the comparable week. Twenty-five concerns succumbed with liabilities of more than $100,000, compared with 19 in the previous week.

Wholesale Food Price Index Registers Mild Drop

The wholesale food price index, compiled by Dun & Bradstreet, Inc., displayed a mild downturn last week. The index for April 27 fell to $7.39, from $7.41 the week preceding. It compared with $6.42 on the corresponding date a year ago, a rise of 15.1%.

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

Wholesale Commodity Price Index Trends Lower Due to Irregular Activity in Grain Markets

The general commodity price level trended moderately downward during the latest week. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., finished at 275.90 on April 27, as compared with 277.82 a week earlier, and with 278.97 on the corresponding date last year.

Irregular movements featured leading grain markets last week. Wheat displayed early firmness aided by moderate export business and strength in cash markets.

Some easiness developed later as the result of scattered rainfall in the hard Winter wheat sections of the Southwest.

While the drought situation has been temporarily relieved, it is generally expected that abandonment will be heavier than usual. Corn finished slightly lower for the week, reflecting more liberal marketings and the steady distribution of Government-owned grain from previous years' crops. Soybean prices rose to the highest levels in six years in the heaviest trading on record. Trading in all grain and soybean futures on the Chicago Board of Trade two weeks ago rose to a daily average of 60,600,000 bushels, from 46,400,000 in the previous week, and 36,600,000 in the same week last year.

Cocoa moved lower most of the week but went sharply higher in final sessions to score a slight gain over a week ago. Late buying was largely influenced by firmness in outside markets and a better tone in London. Warehouse stocks of cocoa were up to 105,313 bags, from 97,213 a week earlier, and 66,059 a year ago. The domestic raw sugar market was dull with prices generally holding steady. Trade in lard continued active with prices working lower in the latter part of the week. Chicago livestock markets developed considerable weakness the past week with prices for steers, hogs and lambs down sharply as the result of heavy market receipts.

Spot cotton prices advanced moderately in the week as inquiries from both domestic and foreign sources continued fairly numerous.

Domestic mill buying and concern over the Indo-China situation were factors in the rise.

Sales of most kinds of cotton gray goods continued limited with prices for some constructions easier. CCC loan repayments during the week ended April 16 decreased to 52,900 bales, the smallest weekly volume in two months. Loans outstanding on 1953-crop cotton as of April 16 were reported at 6,038,000 bales. The Census Bureau reported mill consumption of cotton per working day in March at 33,800 bales, the second lowest March average since 1940.

Trade Volume Registers Lower Trend, Both for Week and Like Period a Year Ago

Retail sales in the period ended on Wednesday of last week decreased from the previous week and slipped below the year-ago volume for the similar period. Post-Easter clearances stimulated retail activity in some areas, and actual buying continued roughly equal to or above current production.

The total dollar volume of retail trade in the week was estimated by Dun & Bradstreet, Inc., to be from 2% to 6% below the level of a year ago. Regional estimates varied from the comparable 1953 levels by the following percentages: New England 0 to +4; East —4 to —8; South +1 to —2; Southwest and Northwest +3 to +7; Midwest —1 to +3; Pacific Coast —1 to —5.

The demand for women's and children's apparel, particularly for cotton dresses, blouses and shoes, continued seasonally high. Men's wear sales last week were higher than in the corresponding period last year; suits of tropical blended fibers took the lead and cords began to move in some stores. There was a marked trend toward darker colors and pinks in men's sportswear, with polo and T-shirts selling well.

Automobile volume increased moderately, particularly in used models, as a result of strong promotions, long terms, and liberal trades.

Wholesale volume in the period ended on Wednesday of the past week declined moderately from the previous week and remained substantially below the year-ago level.

The lack of increase in current volume was partially attributed to continued large inventories, recently trimmed somewhat, but still considered top-heavy by many buyers.

The rate of inventory reduction in April was estimated to be about equal to that reported for March.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended April 24, 1954 decreased 2% under the level of the preceding week. In the previous week, April 17, 1954, an increase of 12% was reported from that of the similar week in 1953. For the four weeks ended April 24, 1954, an increase of 3% was reported. For the period *Jan. 1 to April 24, 1954, department store sales registered a decrease of 3% below the corresponding period of 1953.

Retail sales volume last week dipped according to trade estimates about 10% under that of last year, due to cool and rainy weather.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended April 24, 1954, registered a decrease of 5% below the like period of last year. In the preceding week, April 17, 1954, an increase of 11% (revised) was reported from that of the similar week in 1953, while for the four weeks ended April 24, 1954, an increase of 5% was reported. For the period *Jan. 1 to April 17, 1954, no change was registered from 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.

Cleveland Electric Illuminating 3% Bonds Offered

Blair Rollins & Co., Inc. and Baxter, Williams & Co. and associates, are offering $20,000,000 first mortgage bonds, 3% series due 1989, of The Cleveland Electric Illuminating Co. at a price of 101.086% and accrued interest to yield 2.95%. The group won award of the issue at competitive sale on Tuesday on a bid of 100.517% and accrued interest.

The company intends to apply the proceeds of the offering to repay short-term bank loans presently amounting to $1,500,000 and the balance to finance current and proposed property additions. The property additions represented by the unexpended portion of the present capital expenditures budget aggregate approximately $54 million and comprise projects which will be paid for over the next several years.

The bonds are redeemable at prices ranging from 104.09% to par, plus accrued interest.

The Cleveland Electric Illuminating Co. is engaged in the production of electric energy and in the transmission, distribution and sale thereof for light, heat and power purposes in an area extending nearly 100 miles along the south shore of Lake Erie comprising approximately 1,700 square miles. The company is also engaged in the production, distribution, and sale of steam for heating and other purposes in the downtown business section of Cleveland.

Total revenues in 1953 were $91,824,054 and net income for the year was $14,765,329. This compares with total revenues of $86,874,597 and net income of $12,669,557 for the previous year.

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)	May 9	§67.3	*68.7	68.0	100.2
Equivalent to—					
Steel ingots and castings (net tons)	May 9	§1,604,000	*1,637,000	1,622,000	2,259,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Apr. 24	6,586,450	6,589,950	6,452,150	6,278,300
Crude runs to stills—daily average (bbls.)	Apr. 24	†6,812,000	6,915,000	7,000,000	6,827,000
Gasoline output (bbls.)	Apr. 24	23,319,000	23,598,000	24,088,000	22,754,000
Kerosene output (bbls.)	Apr. 24	2,155,000	2,119,000	2,539,000	2,534,000
Distillate fuel oil output (bbls.)	Apr. 24	9,418,000	9,881,000	10,370,000	9,597,000
Residual fuel oil output (bbls.)	Apr. 24	8,361,000	8,454,000	8,371,000	8,859,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Apr. 24	178,033,000	178,923,000	180,384,000	156,747,000
Kerosene (bbls.) at	Apr. 24	18,518,000	17,527,000	17,989,000	18,935,000
Distillate fuel oil (bbls.) at	Apr. 24	58,932,000	57,034,000	61,435,000	60,096,000
Residual fuel oil (bbls.) at	Apr. 24	43,779,000	43,265,000	44,093,000	39,034,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Apr. 24	626,181	612,884	601,426	779,804
Revenue freight received from connections (no. of cars)	Apr. 24	565,866	572,808	588,724	674,001
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Apr. 29	$241,103,000	$247,952,000	$329,541,000	$373,113,000
Private construction	Apr. 29	144,295,000	152,653,000	198,852,000	185,125,000
Public construction	Apr. 29	96,808,000	95,299,000	130,689,000	187,988,000
State and municipal	Apr. 29	76,596,000	75,933,000	113,699,000	162,392,000
Federal	Apr. 29	20,212,000	19,366,000	16,990,000	25,596,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Apr. 24	6,740,000	*6,645,000	6,670,000	9,022,000
Pennsylvania anthracite (tons)	Apr. 24	443,000	479,000	474,000	511,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Apr. 24	102	118	100	104
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	May 1	8,390,000	8,257,000	8,463,000	7,939,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Apr. 29	234	229	267	169
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Apr. 27	4.634c	4.634c	4.634c	4.376c
Pig iron (per gross ton)	Apr. 27	$56.59	$56.59	$56.59	$55.26
Scrap steel (per gross ton)	Apr. 27	$26.17	$25.67	$24.33	$39.33
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Apr. 28	29.700c	29.700c	29.700c	29.675c
Export refinery at	Apr. 28	29.600c	29.625c	29.125c	30.175c
Straits tin (New York) at	Apr. 28	95.750c	95.250c	94.000c	96.500c
Lead (New York) at	Apr. 28	14.000c	14.000c	13.250c	12.000c
Lead (St. Louis) at	Apr. 28	13.800c	13.800c	13.050c	11.800c
Zinc (East St. Louis) at	Apr. 28	10.250c	10.250c	10.250c	11.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	May 4	100.51	100.45	100.22	92.06
Average corporate	May 4	110.70	110.70	110.88	104.14
Aaa	May 4	115.63	115.63	116.02	107.44
Aa	May 4	112.75	112.93	113.12	106.04
A	May 4	110.34	110.34	110.34	103.64
Baa	May 4	104.66	104.66	104.66	100.00
Railroad Group	May 4	109.42	109.42	109.60	102.63
Public Utilities Group	May 4	110.70	110.70	110.70	103.47
Industrials Group	May 4	112.19	112.19	112.37	106.56
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	May 4	2.46	2.46	2.48	3.08
Average corporate	May 4	3.13	3.13	3.12	3.50
Aaa	May 4	2.87	2.87	2.85	3.31
Aa	May 4	3.02	3.01	3.00	3.39
A	May 4	3.15	3.15	3.15	3.53
Baa	May 4	3.47	3.47	3.47	3.75
Railroad Group	May 4	3.20	3.20	3.19	3.59
Public Utilities Group	May 4	3.13	3.13	3.13	3.54
Industrials Group	May 4	3.05	3.05	3.04	3.36
MOODY'S COMMODITY INDEX	May 4	434.6	440.9	438.6	418.3
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Apr. 24	199,437	209,612	222,161	184,365
Production (tons)	Apr. 24	225,054	242,332	239,337	245,157
Percentage of activity	Apr. 24	85	91	90	95
Unfilled orders (tons) at end of period	Apr. 24	350,855	378,774	355,230	454,897
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Apr. 30	109.77	109.50	108.12	106.60
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	Apr. 17	789,682	999,957	849,612	752,077
Dollar value	Apr. 17	$36,077,922	$45,365,898	$37,580,870	$32,580,065
Odd-lot purchases by dealers (customers' sales)†—					
Number of shares—Total sales	Apr. 17	848,921	1,005,027	908,256	699,451
Customers' short sales	Apr. 17	3,733	6,306	7,855	10,682
Customers' other sales	Apr. 17	845,188	998,721	900,401	688,769
Dollar value	Apr. 17	$37,018,685	$42,782,365	$38,099,914	$27,679,814
Round-lot sales by dealers—					
Number of shares—Total sales	Apr. 17	283,815	316,220	305,420	208,640
Short sales	Apr. 17	------	------	------	------
Other sales	Apr. 17	283,815	316,220	305,420	208,640
Round-lot purchases by dealers—					
Number of shares	Apr. 17	217,310	316,910	251,110	258,050
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	Apr. 10	398,130	456,670	328,220	347,920
Other sales	Apr. 10	10,500,110	10,772,160	9,148,260	10,663,640
Total sales	Apr. 10	10,898,240	11,228,830	9,476,480	11,011,560
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Apr. 10	1,189,560	1,158,290	942,970	1,159,190
Short sales	Apr. 10	226,390	249,650	177,360	163,040
Other sales	Apr. 10	1,009,160	896,940	756,810	963,710
Total sales	Apr. 10	1,235,550	1,146,590	934,170	1,126,750
Other transactions initiated on the floor—					
Total purchases	Apr. 10	392,600	395,790	291,210	328,500
Short sales	Apr. 10	20,800	30,600	9,400	22,500
Other sales	Apr. 10	384,990	342,550	254,750	354,150
Total sales	Apr. 10	405,790	373,150	264,150	376,650
Other transactions initiated off the floor—					
Total purchases	Apr. 10	388,728	371,830	368,091	349,335
Short sales	Apr. 10	47,100	33,850	42,240	47,390
Other sales	Apr. 10	386,016	520,598	372,764	386,065
Total sales	Apr. 10	433,116	554,448	415,004	433,455
Total round-lot transactions for account of members—					
Total purchases	Apr. 10	1,970,888	1,925,910	1,602,271	1,837,025
Short sales	Apr. 10	294,290	314,100	229,000	232,930
Other sales	Apr. 10	1,780,166	1,760,088	1,384,324	1,703,925
Total sales	Apr. 10	2,074,456	2,074,188	1,613,324	1,936,855
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Apr. 27	111.1	111.3	110.9	110.0
Farm products	Apr. 27	100.4	101.1	99.9	99.8
Processed foods	Apr. 27	105.4	105.6	105.0	105.3
Meats	Apr. 27	95.0	95.8	93.8	94.7
All commodities other than farm and foods	Apr. 27	114.6	114.6	114.4	113.3

*Revised figure. †Includes 562,000 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 March	122,339	110,480	104,460
Stocks of aluminum (short tons) end of Mar.	58,494	42,735	10,502
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM REVISED SERIES—Estimated short and intermediate term credit in millions as of March 31:			
Total consumer credit	$27,150	$27,478	$25,940
Instalment credit	20,900	21,151	19,351
Automobile	9,800	9,915	8,799
Other consumer goods	5,200	5,377	5,197
Repair and modernization loans	1,574	1,570	1,436
Personal loans	4,326	4,289	3,951
Noninstalment credit	6,251	6,327	6,555
Single payment loans	2,073	2,054	2,211
Charge accounts	2,433	2,550	2,613
Service credit	1,740	1,723	1,731
CONSUMER PRICE INDEX — 1947-49 = 100 — Month of March:			
All items	114.8	115.0	113.6
Food	112.1	112.6	111.7
Food at home	111.4	112.0	111.3
Cereals and bakery products	121.2	121.3	117.7
Meats, poultry and fish	109.5	109.7	107.4
Dairy products	108.0	109.0	110.3
Fruits and vegetables	107.8	108.0	115.5
Other foods at home	112.3	114.0	109.1
Housing	119.0	118.9	116.8
Rent	128.0	127.9	121.7
Gas and electricity	107.6	107.5	106.5
Solid fuels and fuel oil	125.8	126.2	124.4
Housefurnishings	107.2	107.2	108.0
Household operation	117.5	117.3	114.0
Apparel	104.3	104.7	104.7
Transportation	129.0	129.4	129.3
Medical care	124.4	124.1	119.5
Personal care	114.1	113.9	112.4
Reading and recreation	108.2	108.0	107.7
Other goods and services	120.1	120.2	117.5
COTTON AND LINTERS — DEPT. OF COMMERCE — RUNNING BALES:			
Lint—Consumed months of March	845,036	684,367	769,496
In consuming establishments as of Mar. 28	1,806,301	1,824,034	1,941,715
In public storage as of March 28	10,522,907	11,488,551	6,345,757
Linters—Consumed month of March	99,152	94,559	137,317
Stocks March 28	1,528,541	1,460,639	1,104,396
Cotton spindles active as of March 28	19,626,000	19,656,000	20,290,000
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of March:			
Cotton Seed—			
Received at mills (tons)	50,278	112,784	38,317
Crushed (tons)	597,568	623,650	479,620
Stocks (tons) March 31	1,332,089	1,879,379	949,436
Crude Oil—			
Stocks (pounds) March 31	184,799,000	184,165,000	149,973,000
Produced (pounds)	200,632,000	207,447,000	165,269,000
Shipped (pounds)	211,435,000	202,671,000	182,406,000
Refined Oil—			
Stocks (pounds) March 31	1,166,643,000	1,177,790,000	811,815,000
Produced (pounds)	197,063,000	188,791,000	169,882,000
Consumption (pounds)	167,032,000	141,894,000	90,754,000
Cake and Meal—			
Stocks (tons) March 31	167,313	146,087	208,612
Produced (tons)	278,124	294,428	231,782
Shipped (tons)	256,898	257,565	233,285
Hulls—			
Stocks (tons) March 31	94,568	88,486	82,479
Produced (tons)	132,752	138,347	105,670
Shipped (tons)	126,650	114,598	87,998
Linters (running bales)—			
Stocks March 31	226,576	213,459	197,301
Produced	188,968	196,548	152,408
Shipped	175,851	199,817	331,459
Hull Fiber (1,000-lb. bales)—			
Stocks March 31	914	1,075	1,612
Produced	1,269	1,188	1,377
Shipped	1,430	1,175	1,309
Motes, Grabbots, etc. (1,000 pounds)—			
Stocks March 31	8,751	8,468	13,379
Produced	3,328	3,288	2,916
Shipped	3,045	3,627	2,382
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on April 3	22,846,000	22,897,000	22,958,000
Spinning spindles active on April 3	19,626,000	19,656,000	20,221,000
Active spindle hours (000's omitted) March	10,739,000	8,697,000	9,635,000
Active spindle hours per spindle in place March	432.0	442.1	481.7
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOBILE MANUFACTURER'S ASSN.—Month of March:			
Total number of vehicles	633,002	*534,143	700,685
Number of passenger cars	531,529	*446,676	566,320
Number of motor trucks	101,177	*87,141	134,129
Number of motor coaches	296	326	236
NEW YORK STOCK EXCHANGE—As of March 31 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$1,716,250	$1,687,885	$1,513,425
Credit extended to customers	39,413	34,976	27,878
Cash on hand and in banks in U. S.	312,023	308,951	314,423
Total of customers' free credit balances	737,281	768,238	744,360
Market value of listed shares	129,122,311	124,905,523	118,222,952
Market value of listed bonds	107,976,396	107,646,029	99,535,255
Member borrowings on U. S. Govt. issues	146,964	*120,844	39,380
Member borrowings on other collateral	1,078,526	*1,086,328	1,046,648
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of January:			
Net railway operating income	$32,574,078	$77,917,054	$80,069,353
Other income	25,120,862	65,218,964	18,093,881
Total income	57,694,940	143,136,018	98,163,234
Miscellaneous deductions from income	3,711,243	18,953,360	4,229,066
Income available for fixed charges	53,983,697	124,182,658	93,934,168
Income after fixed charges	20,422,930	89,659,644	60,411,715
Other deductions	2,829,257	17,551,304	2,822,340
Net income	17,593,673	72,108,340	57,589,375
Depreciation (way & structure & equipment)	43,142,434	43,490,236	40,791,576
Federal income taxes	19,267,909	Cr28,699,075	48,811,230
Dividend appropriations:			
On common stock	15,681,701	58,454,911	13,678,368
On preferred stock	9,465,284	5,360,831	7,240,892
Ratio of income to fixed charges	1.61	3.60	2.80

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Our Military Planning Linked to a Stable but Dynamic Economy

ceiving the concerted and conscientious effort of the military and civilian members of the Defense team. They are examining and validating all planning factors and procedures used in the computation of manpower, materiel and construction. They are determining peacetime stock levels and war reserve requirements. These reserve requirements include both trained personnel and plans for quickly training others, both stockpiled material and capacity to quickly achieve mass production of great quantities of all military products if required. Men, material, bases, activation of new organizational units, training rates, activity rates, deployments—all must be projected two and three years into the future and must be kept in balance.

Third, there is economy in operation. This relates to the execution of the plans and the accomplishment of the programs that have been laid out and are reflected in the annual budgets. That is the area which has received the most public attention and at which most of the criticism of waste and inefficiency has been directed. Many hundreds of thousands of men and women—literally millions of them—have been in and out of the services. Each of them has seen some waste—some waste of his own time or of someone else's time, some waste of material, or something done that they realize could be done better.

No man really likes to waste his time. He will do it and collect the money, but he would rather feel that the money he is being paid is being earned. He would like to feel his personal efforts are not being wasted whether he is a janitor, a top technician, a private or a general. He would like to feel that personally his efforts are being appreciated and he is accomplishing something. It is what makes this country great.

Economy in operation, particularly, requires the interest of many hundreds of thousands of men and women in the service. Steps are being taken to encourage and cultivate this important type of cooperation. Therefore, when we say that our objective is to achieve more defense for every dollar spent, I would like to emphasize that we expect to do this by making intelligent savings through economy in forces, economy in programming, and economy in operation.

These factors apply no matter what our nation's defense program may be. The Chiefs of Staff and their principal assistants have the major responsibility for economy in forces. The civilian Secretaries and their assistants together with the top military people have the responsibility for economy in programming. And every member of the Defense organization has some responsibility for economy in operation.

New Strategic Studies

I mentioned the new strategic studies and plans made by the Joint Chiefs and approved by the President as the basis for our force levels. I feel sure we are making progress in economy in programming. I made a list not very long ago of what I considered to be the top 35 men in the Pentagon (military and civilian) and found that only five of them have the same jobs now that they had 15 months ago. In any big organization a turn-over of 30 out of the top 35 people in a 15-month period would present quite a problem. We still have the job of getting better acquainted, understanding each other quickly without writing too many letters, making too many reports and having too much argument. We are committed to not making those big, thick reports on why we are going to do the wrong thing and no one will be to blame.

We have improved the effectiveness of the civilian personnel farther down the line because we are getting along with 160,000 civilians less than we had only a little over a year ago. We have done this in an orderly manner by not filling vacancies and by moving people around a bit and seeing that they have enough to do. I am sure that we have not hurt the effectiveness of the organization one bit—in fact I feel sure it has been improved. We are down some in military personnel, also. Improved utilization of manpower permitted a reduction of 170,000 military personnel between January 1953 and March 1954 while at the same time building up the effectiveness of our combat units. A further saving of 70,000 personnel by June 30 of this year is anticipated. This more effective utilization of both civilian and military personnel in itself will save United States taxpayers almost two billion dollars a year. Some shifting and a further reduction in total military personnel is called for by the fiscal year 1955 program and budget.

There is still lots to be done, and we face new and important problems every day. But I just want to go on record with all of you (and I have known many of you for years) that the Defense Team is not discouraged. We seem to have survived the "snow treatment." In spite of the magnitude of the job, we have made progress in solving many of our difficult problems, while facing, may I add, some less important and time-consuming ones. We have made real progress in providing the nation with a sound defense program. We have no frustrations and our morale is good. the stuff it takes. As I look ahead at the expanding and developing industrial scene—at our expanding population—at the undiscovered potentialities of science (including the atom)—I can't help but think that you are particularly fortunate.

Blyth Group Offers $15,000,000 Southern Counties Gas Bonds

Blyth & Co., Inc. heads a group offering today (May 6) $15,000,000 in first mortgage bonds, 3¼% series A, of Southern Counties Gas Co. of California. The bonds, due May 1, 1984, are priced at 101.93% and accrued interest, to yield 3.15%. The issue was awarded at competitive sale Tuesday on a bid of 101.30.

The bonds are redeemable at regular call prices ranging from 104.93, if redeemed on or before April 30, 1955 to 100 after April 30, 1983.

Proceeds will be used to repay in full the company's indebtedness to its parent company, Pacific Lighting Corp., expected to approximate $6,500,000. Balance of proceeds will become part of the company's treasury funds and will be used in connection with construction and expansion, estimated at $11,530,000 for 1954.

Southern Counties Gas Co., is an operating public utility, serving a total population estimated at 1,600,000 in Los Angeles and six other counties in California. In 1953 the company had total operating revenues of $40,488,000 against $35,100,000 in 1952.

Dean Witter Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — C. Curtiss Murrell and Phelps Witter, Jr. have been added to the staff of Dean Witter & Co., 632 South Spring Street.

Cranmer Co. Opens

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Chappell Cranmer is engaging in a securities business from offices at 200 Cherry Street.

Hugh Herndon

Hugh Herndon, associated with R. H. Johnson & Co., New York City, passed away April 24 at the age of 73.

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The Structure of Indusiry

country. He and his colleagues were responsible to Joseph Stalin and his many party and governmental deputies, but also had specific responsibilities to Gosplan, the State Planning Commission, which told them how much of what they should produce, and at what cost. They were likewise 'associated' with, though not responsible to, the Central Council of Trade Unions on labor questions, the Commissar of Finance for funds, and, most important of all, to the party and the NKVD for the performance and political dependability of their entire organizations.

"Aside from these reservations, each Commissar was monarch in his own realm. He could hire and fire, subject to the approval of the party, the trade unions, and the NKVD; he could suggest to the Gosplan changes in the plan; he could request changes in the selling prices of his products and wage rates for his workers. If his industry as a whole made a profit, he could use a small part of it, usually about 5%, for bonuses for his best workers. If his industry ran a deficit, he might be sent to jail for sabotage unless he could furnish some excellent explanations, or pin the blame on some other commissariat (railroads, electric power, etc.).

"Under these circumstances it was not surprising that few Soviet citizens wanted to be managers. Party and government tried to fill the vacuum at the top by giving managers relatively large salaries. . . . This material motive was insufficient, however, to make enough able people want to assume the responsibility of senior administrative jobs, and the party would frequently be compelled to specifically order an individual to take a certain job."

It is abundantly clear that the competitive, freely enterprising manager—using research to find new opportunities—using his native willingness to scrap the old for the sake of the new, the more efficient and the better—accepting calculated risks for the sake of great rewards—has performed industrial miracles for the one nation where these factors have been freely employed: The United States of America. We have magnificent resources but these alone cannot explain our position today. It is the released energies of our people that account for our great achievements. After all, a raw material is nothing until someone has devised a use for it.

Don Mitchell, Chairman of the Board of Sylvania Electrical Products, Inc., speaking to the graduating class of Stevens last June, said:

"Let me say this much to you: security is not a 'safe' job, nor a good salary. Security comes from achievement, security comes from doing. Or to put it another way, the man who takes a chance probably isn't taking a chance at all. In his confident mind, the so-called chance is really an opportunity and he will make the most of it. To the man who has almost a phobia about security, any departure from established routine is 'taking a chance.' The net result is that he never is really secure; he actually is sheltered or isolated, but he is not secure in the sense that he has the strength which comes from accomplishment."

This, it seems to me, is the true American position — the true American viewpoint. American industry does not fear change—it hurries toward it — and in the process it creates the only kind of security that is worth very much, the security of the vigorous, the energetic, the productive and the strong.

I think then I would summarize my observations in some such way as this—

(1) The structure of industry is not simple. It is complex. Since ours is an industrial society industry is the heart and core of our society.

(2) Industry performs its complex function—adjusting and conciliating a diversity of viewpoints — by means of an increasingly professional management corps whose first responsibility is to the owners, the risk takers, but whose duty to the owners cannot be effectively performed without consideration of the other major groups — customers, employees, communities, and, in fact, the nation.

(3) Industry performs its complex function — magnificently in America—because we have here a climate of beliefs which are vital to this performance; a belief in competition; a belief in change; a belief in risk-taking—and this is true of all business whether it is Big or Small.

(4) There is great need today for able managers who hold these beliefs, who have skills in conciliation, who are articulate in a world where public opinion is a vital force.

I hope many of you fellows would like to meet these challenges and that many of you have

Continued from page 8

NSTA Notes

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Security Traders Association of Los Angeles—J. C. Hecht, Jr., Dempsey-Tegeler & Co., 210 W. 7th Street, Los Angeles 4, Calif.

Security Traders Association of Portland—Paul A. Ludlam, Merrill Lynch, Pierce, Fenner & Beane, Wilcox Bldg., Portland 4, Oregon

Security Traders Club of St. Louis—Herman J. Zinzer, Dempsey-Tegeler & Co., 407 No. 8th Street, St. Louis 1, Mo.

The Securities Dealers of North Carolina—Charles R. Vance, Vance Securities Corp., Jefferson Bldg., Greensboro, N. C.

Twin City Security Traders Association—Fred S. Goth, Irving J. Rice & Co., First National Bank Bldg., St. Paul 1, Minn.

Wichita Bond Traders Club—Dan H. Alldritt, Mid Continent Securities Co., 806 Central Bldg., Wichita 2, Kansas.

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York, Inc. (STANY) Bowling League standing as of April 29, 1954, is as follows:

Team:	Points:
Leone (Capt.), Nieman, Gannon, Tisch, Greenberg	44½
Donadio (Capt.), Craig, Gronick, Bies, Demaye	44
Burian (Capt.), Gavin, Clemence, Montanye, Whiting	43
Manson (Capt.), Jacobs, Topol, Weissman, H. Frankel	41½
Klein (Capt.), Fredericks, Murphy, Weseman, Mewing	41
Serlen (Capt.), Rogers, Gold, Krumholz, Gersten	39½
Kaiser (Capt.), Hunt, Werkmeister, Swenson, Ghegan	35½
Krisam (Capt.), Pollack, Cohen, Smith, Strauss, Define	31
Bean (Capt.), Bass, Valentine, Eiger, Bradley	30
Growney (Capt.), Corby, Siegel, Voccolli, Lienhardt	28½
Meyer (Capt.), M. Meyer, Frankel, Wechsler, King	22½
Hunter (Capt.), Brown, Alexander, Farrell, Barker	19

5 Point Club

George Leone

See You All at New York-Philadelphia Bowling Dinner Tonight at Antlers, 8:30 p.m. Contact Sidney Jacobs for Your Reservations!

BOSTON SECURITIES TRADERS ASSOCIATION

The Boston Securities Traders Association will hold their 35th annual outing at the South Shore Country Club, Hingham, Mass. on June 24. There will be golf, softball, swimming and bowling for those who wish to participate.

Leo F. Newman of American Securities Corporation is Chairman. Ticket reservations should be made with Walter Eagan of Harris, Upham & Co. of Boston.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

Acme Industries, Inc., Jackson, Mich.
April 12 filed 50,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter** — Baker, Simonds & Co., Detroit, Mich.

★ **Air-Pix Corp., Lowell, N. C.**
April 26 (letter of notification) 250,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To finance construction, etc., of radio and television stations. **Underwriter**—None.

Allis-Chalmers Mfg. Co. (5/12)
April 16 filed 350,000 shares of cumulative convertible preferred stock (par $100, expected to carry a dividend rate between 3¾% and 4¼%). **Price**—To be supplied by amendment. **Proceeds**—From sale of stock, together with proceeds from sale of $24,000,000 of 3⅝% notes to insurance firms, to repay bank loans. **Underwriter**—Blyth & Co., Inc., New York and San Francisco.

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 Cyanamid Co., New York (6/1)**
May 5 filed 585,000 shares of cumulative preferred stock, series C (par $100—convertible prior to July 1, 1964) to be offered for subscription by common stockholders of record June 1, 1954 at the rate of one preferred share for each 15 shares of common stock held. **Price**—To be supplied by amendment. **Proceeds**—To increase working capital and for general corporate purposes. **Underwriter**—White, Weld & Co., New York.

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.

• **Arcturus Electronics, Inc. (5/7)**
April 22 (letter of notification) 125,000 shares of class A common stock (par one cent). **Price**—At market. The underwriter has agreed to purchase these shares at 15 cents per share. **Proceeds** — To Delbert E. Replogle, President. **Underwriter**—Gearhart & Otis, Inc., New York.

★ **Automatic Canteen Co. of American (5/20)**
April 30 filed 77,706 shares of common stock (par $5) to be offered for subscription by stockholders of record May 20 on the basis of one new share for each six shares held; rights to expire on June 7. **Price**—To be supplied by amendment. **Proceeds**—To extend activities in the merchandise vending field. **Underwriter**—Glore, Forgan & Co., New York.

Basin Natural Gas Corp., Santa Fe, N. Mex.
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.

★ **Benrus Watch Co., Inc., New York**
April 27 (letter of notification) 7,600 shares of common stock (par $1). **Price**—At market (about $11 per share). **Proceeds**—To selling stockholders. **Underwriters**— L. F. Rothschild & Co. and Ralph E. Samuel & Co., both of New York.

★ **Benrus Watch Co., Inc., New York**
April 29 (letter of notification) 10,300 shares of common stock (par $1). **Price**—At market (about $11 per share). **Proceeds**—To selling stockholders. **Underwriter**—Ralph E. Samuel & Co., New York.

★ **Brandywine Raceway Association, Inc. (5/19)**
April 28 filed 20,000 shares of capital stock (par $1) and $200,000 of 6% subordinated notes due June 1, 1964, to be offered in units of five shares of stock and $50 of notes to stockholders of record May 19, 1954, on the basis of one unit for each 50 shares of stock held. **Price**—To be supplied by amendment. **Proceeds**—To pay current liabilities, and for expansion and improvements, etc. **Office**—Wilmington, Del. **Underwriters**—Laird Securities Co., Inc., and Laird, Bissell & Meeds, both of Wilmington, Del., and Harrison & Co., Philadelphia, Pa.

British Industries Corp.
April 23 (letter of notification) 3,750 shares of capital stock. **Price**—At market ($2 net to seller). **Proceeds**—To Kay L. Rockey, the selling stockholder. **Underwriter**—Stubner & Co., New York.

★ **Brunswick-Balke-Collender Co.**
April 28 (letter of notification) 5,000 shares of common stock (no par). **Price**—At market (about $15.75 per share). **Proceeds**—To certain selling stockholders. **Office**—623 South Wabash Avenue, Chicago, Ill. **Underwriter**—None.

Budget Funding Corp. (Del.)
April 20 (letter of notification) 149,850 shares of 7% cumulative preferred stock (par $2) and 29,970 shares of common stock (par one cent) in units of five shares of preferred and one share of common stock. **Price**—$10 per unit. **Proceeds**—For working capital. **Office**—167-10 Hillside Avenue, Jamaica, L. I., N. Y. **Underwriter**—Inter-City Securities Corp., Jamaica, L. I., N. Y.

• **California Electric Power Co. (5/12)**
April 22 filed 105,000 shares of cumulative preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds** — To redeem two issues of $2.50 preferred stock (par $50), totaling 88,800 shares, and, together with proceeds from proposed issue of $8,000,000 of new first mortgage bonds, to redeem $8,000,000 3⅞% bonds presently outstanding. **Underwriter** — Merrill Lynch, Pierce, Fenner & Beane, New York.

California Electric Power Co. (5/25)
April 26 filed $8,000,000 of first mortgage bonds due 1984. **Proceeds**—To redeem a like amount of first mortgage 3⅞% bonds due 1983. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kidder, Peabody & Co.; Blyth & Co., Inc. **Bids**—Expected to be received on May 25.

• **Capper Publications, Inc., Topeka, Kan.**
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. Statement effective April 12.

Carolina Casualty Insurance Co.
April 7 (letter of notification) 20,000 shares of class B stock (par $1). **Price**—$4 per share. **Proceeds**—To increase capital and surplus. **Office** — 262 Morehead St., Burlington, N. C. **Underwriter** — Courts & Co., Atlanta, Ga.

★ **Central Solvents & Chemicals Co., Chicago, Ill.**
April 29 (letter of notification) 5,000 shares of common stock (par $1) to be offered to certain employees only. **Price**—$21 per share. **Proceeds**—For general corporate purposes. **Office**—2540 W. Flourney Street, Chicago, Ill. **Underwriter**—None.

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NEW ISSUE CALENDAR

May 7 (Friday)

Arcturus Electronics, Inc. ---------- Class A
(Gearhart & Otis, Inc.) 125,000 shares

Shawano Development Corp. ---------- Common
(McGrath Securities Corp.) $249,000

Standard Uranium Corp. ---------- Common
(Gearhart & Otis, Inc. and Crerie & Co.) $1,787,500

May 10 (Monday)

Control Engineering Corp. ---------- Debentures
(Childs, Jeffries & Thorndike, Inc. and Estabrook & Co.) $300,000

Electronic Associates, Inc. ---------- Common
(Offering to stockholders—no underwriting) $138,750

Inter-Canadian Corp. ---------- Common
(White, Weld & Co.) $2,500,000

Iowa Public Service Co. ---------- Bonds
(Bids 11 a.m. EDT) $7,500,000

Twin Arrow Petroleum Corp. ---------- Class A
General Investing Corp.) $300,000

May 11 (Tuesday)

Keystone Portland Cement Co. ---------- Common
(Shields & Co.) 330,296 shares

Northern Natural Gas Co. ---------- Debentures
(Blyth & Co., Inc.) $40,000,000

May 12 (Wednesday)

Allis-Chalmers Mfg. Co. ---------- Preferred
(Blyth & Co., Inc.) $35,000,000

California Electric Power Co. ---------- Preferred
(Merrill Lynch, Pierce, Fenner & Beane) $5,250,000

General Public Utilities Corp. ---------- Common
(Offering to stockholders—Merrill Lynch, Pierce, Fenner & Beane may act as clearing agent) 606,423 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 17 (Monday)

Colonial Fund, Inc. ---------- Common
(Stone & Webster Securities Corp.) 700,000 shares

Light Metals Refining Corp. ---------- Common
(Philip Gordon & Co., Inc.) $5,000,000

Virginia Electric & Power Co. ---------- Bonds
(Bids noon EDT) $25,000,000

May 18 (Tuesday)

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

Missouri Public Service Co. ---------- Preferred
(Kidder, Peabody & Co.) $5,000,000

Montreal Transportation Commission ---------- Debentures
(Bids to be invited) $27,000,000

Northern Ohio Telephone Co. ---------- Common
(Offering to stockholders—may be underwritten By Hayden, Miller & Co. and Lawrence Cook & Co.) 117,500 shares

Pacific Gas & Electric Co. ---------- Bonds
(Bids to be invited) $65,000,000

State Loan & Finance Corp. ---------- Debentures
(Johnston, Lemon & Co. and Union Securities Corp.) $8,000,000

May 19 (Wednesday)

Brandywine Raceway Assn., Inc. ---------- Com. & Notes
(Laird Securities Co., Inc.; Laird, Bissell & Meeds; and Harrison & Co.) 20,000 shares and $200,000 notes

New York State Electric & Gas Corp. ---------- Bonds
(Bids 11 a.m. EDT) $20,000,000

Public Service Electric & Gas Co. ---------- Preferred
(Morgan Stanley & Co., Drexel & Co. and Glore, Forgan & Co.) $24,994,200

May 20 (Thursday)

Automatic Canteen Co. of America ---------- Common
(Offering to stockholders—underwritten by Glore, Forgan & Co.) 77,706 shares

South Carolina Electric & Gas Co. ---------- Preferred
(Kidder, Peabody & Co.) $4,000,000

Southeastern Public Service Co. ---------- Preference
(Bioren & Co.) $900,000

Transportation Development Corp. ---------- Common
(L. H. Rothchild & Co.) $600,000

May 24 (Monday)

Glitsch (Fritz W.)) & Sons, Inc. ---------- Common
(A. C. Allyn & Co., Inc. and The First Southwest Co.) 170,000 shares

May 25 (Tuesday)

California Electric Power Co. ---------- Bonds
(Bids to be invited) $8,000,000

Consolidated Natural Gas Co. ---------- Debentures
(Bids 11:30 a.m. EDT) $25,000,000

May 26 (Wednesday)

Florida Power Corp. ---------- Preferred
(Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane) $7,500,000

Public Service Electric & Gas Co. ---------- Bonds & Pfd.
(Bids 11 a.m. EDT) $50,000,000

May 27 (Thursday)

United States Sulphur & Chemical Corp. ---------- Common
(Vickers Brothers) $760,000

June 2 (Wednesday)

Vanadium Corp. of America ---------- Debentures
(Kidder, Peabody & Co.) $5,000,000

June 7 (Monday)

Consumers Power Co. ---------- Bonds
(Bids 11 a.m. EDT) $25,000,000

June 8 (Tuesday)

Southwestern Gas & Electric Co. ---------- Bonds
(Bids to be invited) $10,000,000

June 9 (Wednesday)

Philadelphia Electric Co. ---------- Common
(Offering to stockholders—to be underwritten by Drexel & Co. and Morgan Stanley & Co.) 900,000 shares

June 22 (Tuesday)

Duquesne Light Co. ---------- Preferred
(Bids to be invited) $5,000,000 to $6,000,000

Gulf Power Co. ---------- Bonds
(Bids 11 a.m. EDT) $10,000,000

June 29 (Tuesday)

Duquesne Light Co. ---------- Bonds
(Bids to be invited) $15,000,000 to $17,000,000

Continued from page 12

Our Military Planning Linked to a Stable but Dynamic Economy

ceiving the concerted and conscientious effort of the military and civilian members of the Defense team. They are examining and validating all planning factors and procedures used in the computation of manpower, materiel and construction. They are determining peacetime stock levels and war reserve requirements. These reserve requirements include both trained personnel and plans for quickly training others, both stockpiled material and capacity to quickly achieve mass production of great quantities of all military products if required. Men, material, bases, activation of new organizational units, training rates, activity rates, deployments —all must be projected two and three years into the future and must be kept in balance.

Third, there is economy in operation. This relates to the execution of the plans and the accomplishment of the programs that have been laid out and are reflected in the annual budgets. That is the area which has received the most public attention and at which most of the criticism of waste and inefficiency has been directed. Many hundreds of thousands of men and women—literally millions of them—have been in and out of the services. Each of them has seen some waste —some waste of his own time or of someone else's time, some waste of material, or something done that they realize could be done better.

No man really likes to waste his time. He will do it and collect the money, but he would rather feel that the money he is being paid is being earned. He would like to feel his personal efforts are not being wasted whether he is a janitor, a top technician, a private or a general. He would like to feel that personally his efforts are being appreciated and he is accomplishing something. It is what makes this country great.

Economy in operation, particularly, requires the interest of many hundreds of thousands of men and women in the service. Steps are being taken to encourage and cultivate this important type of cooperation. Therefore, when we say that our objective is to achieve more defense for every dollar spent, I would like to emphasize that we expect to do this by making intelligent savings through economy in forces, economy in programming, and economy in operation.

These factors apply no matter what our nation's defense program may be. The Chiefs of Staff and their principal assistants have the major responsibility for economy in forces. The civilian Secretaries and their assistants together with the top military people have the responsibility for economy in programming. And every member of the Defense organization has some responsibility for economy in operation.

New Strategic Studies

I mentioned the new strategic studies and plans made by the Joint Chiefs and approved by the President as the basis for our force levels. I feel sure we are making progress in economy in programming. I made a list not very long ago of what I considered to be the top 35 men in the Pentagon (military and civilian) and found that only five of them have the same jobs now that they had 15 months ago. In any big organization a turn-over of 30 out of the top 35 people in a 15-month period would present quite a problem. We still have the job of getting better acquainted, understanding each other quickly without writing too many letters, making too many reports and having too much argument. We are committed to not making those big, thick reports on why we are going to do the wrong thing and no one will be to blame.

We have improved the effectiveness of the civilian personnel farther down the line because we are getting along with 160,000 civilians less than we had only a little over a year ago. We have done this in an orderly manner by not filling vacancies and by moving people around a bit and seeing that they have enough to do. I am sure that we have not hurt the effectiveness of the organization one bit—in fact I feel sure it has been improved. We are down some in military personnel, also. Improved utilization of manpower permitted a reduction of 170,000 military personnel between January 1953 and March 1954 while at the same time building up the effectiveness of our combat units. A further saving of 70,000 personnel by June 30 of this year is anticipated. This more effective utilization of both civilian and military personnel in itself will save United States taxpayers almost two billion dollars a year. Some shifting and a further reduction in total military personnel is called for by the fiscal year 1955 program and budget.

There is still lots to be done, and we face new and important problems every day. But I just want to go on record with all of you (and I have known many of you for years) that the Defense Team is not discouraged. We seem to have survived the "snow treatment." In spite of the magnitude of the job, we have made progress in solving many of our difficult problems, while facing, may I add, some less important and time-consuming ones. We have made real progress in providing the nation with a sound defense program. We have no frustrations and our morale is good. the stuff it takes. As I look ahead at the expanding and developing industrial scene—at our expanding population—at the undiscovered potentialities of science (including the atom)—I can't help but think that you are particularly fortunate.

Blyth Group Offers $15,000,000 Southern Counties Gas Bonds

Blyth & Co., Inc. heads a group offering today (May 6) $15,000,000 in first mortgage bonds, 3¼% series A, of Southern Counties Gas Co. of California. The bonds, due May 1, 1984, are priced at 101.93% and accrued interest, to yield 3.15%. The issue was awarded at competitive sale Tuesday on a bid of 101.30.

The bonds are redeemable at regular call prices ranging from 104.93, if redeemed on or before April 30, 1955 to 100 after April 30, 1983.

Proceeds will be used to repay in full the company's indebtedness to its parent company, Pacific Lighting Corp., expected to approximate $6,500,000. Balance of proceeds will become part of the company's treasury funds and will be used in connection with construction and expansion, estimated at $11,530,000 for 1954.

Southern Counties Gas Co., is an operating public utility, serving a total population estimated at 1,600,000 in Los Angeles and six other counties in California. In 1953 the company had total operating revenues of $40,488,000 against $35,100,000 in 1952.

Dean Witter Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — C. Curtiss Murrell and Phelps Witter, Jr. have been added to the staff of Dean Witter & Co., 632 South Spring Street.

Cranmer Co. Opens

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Chappell Cranmer is engaging in a securities business from offices at 200 Cherry Street.

Hugh Herndon

Hugh Herndon, associated with R. H. Johnson & Co., New York City, passed away April 24 at the age of 73.

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The Structure of Industry

country. He and his colleagues were responsible to Joseph Stalin and his many party and governmental deputies, but also had specific responsibilities to Gosplan, the State Planning Commission, which told them how much of what they should produce, and at what cost. They were likewise 'associated' with, though not responsible to, the Central Council of Trade Unions on labor questions, the Commissar of Finance for funds, and, most important of all, to the party and the NKVD for the performance and political dependability of their entire organizations.

"Aside from these reservations, each Commissar was monarch in his own realm. He could hire and fire, subject to the approval of the party, the trade unions, and the NKVD; he could suggest to the Gosplan changes in the plan; he could request changes in the selling prices of his products and wage rates for his workers. If his industry as a whole made a profit, he could use a small part of it, usually about 5%, for bonuses for his best workers. If his industry ran a deficit, he might be sent to jail for sabotage unless he could furnish some excellent explanations, or pin the blame on some other commissariat (railroads, electric power, etc.).

"Under these circumstances it was not surprising that few Soviet citizens wanted to be managers. Party and government tried to fill the vacuum at the top by giving managers relatively large salaries. . . . This material motive was insufficient, however, to make enough able people want to assume the responsibility of senior administrative jobs, and the party would frequently be compelled to specifically order an individual to take a certain job."

It is abundantly clear that the competitive, freely enterprising manager—using research to find new opportunities—using his native willingness to scrap the old for the sake of the new, the more efficient and the better—accepting calculated risks for the sake of great rewards—has performed industrial miracles for the one nation where these factors have been freely employed: The United States of America. We have magnificent resources but these alone cannot explain our position today. It is the released energies of our people that account for our great achievements. After all, a raw material is nothing until someone has devised a use for it.

Don Mitchell, Chairman of the Board of Sylvania Electrical Products, Inc., speaking to the graduating class of Stevens last June, said:

"Let me say this much to you: security is not a 'safe' job, nor a good salary. Security comes from achievement, security comes from doing. Or to put it another way, the man who takes a chance probably isn't taking a chance at all. In his confident mind, the so-called chance is really an opportunity and he will make the most of it. To the man who has almost a phobia about security, any departure from established routine is 'taking a chance.' The net result is that he never is really secure; he actually is sheltered or isolated, but he is not secure in the sense that he has the strength which comes from accomplishment."

This, it seems to me, is the true American position — the true American viewpoint. American industry does not fear change—it hurries toward it — and in the process it creates the only kind of security that is worth very much, the security of the vigorous, the energetic, the productive and the strong.

I think then I would summarize my observations in some such way as this—

(1) The structure of industry is not simple. It is complex. Since ours is an industrial society industry is the heart and core of our society.

(2) Industry performs its complex function—adjusting and conciliating a diversity of viewpoints — by means of an increasingly professional management corps whose first responsibility is to the owners, the risk takers, but whose duty to the owners cannot be effectively performed without consideration of the other major groups — customers, employees, communities, and, in fact, the nation.

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(4) There is great need today for able managers who hold these beliefs, who have skills in conciliation, who are articulate in a world where public opinion is a vital force.

I hope many of you fellows would like to meet these challenges and that many of you have

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Security Traders Association of Portland—Paul A. Ludlam, Merrill Lynch, Pierce, Fenner & Beane, Wilcox Bldg., Portland 4, Oregon.

Security Traders Club of St. Louis—Herman J. Zinzer, Dempsey-Tegeler & Co., 407 No. 8th Street, St. Louis 1, Mo.

The Securities Dealers of North Carolina—Charles R. Vance, Vance Securities Corp., Jefferson Bldg., Greensboro, N. C.

Twin City Security Traders Association—Fred S. Goth, Irving J. Rice & Co., First National Bank Bldg., St. Paul 1, Minn.

Wichita Bond Traders Club—Dan H. Alldritt, Mid Continent Securities Co., 806 Central Bldg., Wichita 2, Kansas.

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York, Inc. (STANY) Bowling League standing as of April 29, 1954, is as follows:

Team:	Points:
Leone (Capt.), Nieman, Gannon, Tisch, Greenberg	44½
Donadio (Capt.), Craig, Gronick, Bies, Demaye	44
Burian (Capt.), Gavin, Clemence, Montanye, Whiting	43
Manson (Capt.), Jacobs, Topol, Weissman, H. Frankel	41½
Klein (Capt.), Fredericks, Murphy, Weseman, Mewing	41
Serlen (Capt.), Rogers, Gold, Krumholz, Gersten	39½
Kaiser (Capt.), Hunt, Werkmeister, Swenson, Ghegan	35½
Krisam (Capt.), Pollack, Cohen, Smith, Strauss, Define	31
Bean (Capt.), Bass, Valentine, Eiger, Bradley	30
Growney (Capt.), Corby, Siegel, Voccolli, Lienhardt	28½
Meyer (Capt.), M. Meyer, Frankel, Wechsler, King	22½
Hunter (Capt.), Brown, Alexander, Farrell, Barker	19

5 Point Club

George Leone

See You All at New York-Philadelphia Bowling Dinner Tonight at Antlers, 8:30 p.m. Contact Sidney Jacobs for Your Reservations!

BOSTON SECURITIES TRADERS ASSOCIATION

The Boston Securities Traders Association will hold their 35th annual outing at the South Shore Country Club, Hingham, Mass. on June 24. There will be golf, softball, swimming and bowling for those who wish to participate.

Leo F. Newman of American Securities Corporation is Chairman. Ticket reservations should be made with Walter Eagan of Harris, Upham & Co. of Boston.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

Acme Industries, Inc., Jackson, Mich.
April 12 filed 50,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter**—Baker, Simonds & Co., Detroit, Mich.

★ **Air-Pix Corp., Lowell, N. C.**
April 26 (letter of notification) 250,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To finance construction, etc., of radio and television stations. **Underwriter**—None.

Allis-Chalmers Mfg. Co. (5/12)
April 16 filed 350,000 shares of cumulative convertible preferred stock (par $100, expected to carry a dividend rate between 3¾% and 4¼%). **Price**—To be supplied by amendment. **Proceeds**—From sale of stock, together with proceeds from sale of $24,000,000 of 3⅝% notes to insurance firms, to repay bank loans. **Underwriter**—Blyth & Co., Inc., New York and San Francisco.

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 Cyanamid Co., New York (6/1)**
May 5 filed 585,000 shares of cumulative preferred stock, series C (par $100—convertible prior to July 1, 1964) to be offered for subscription by common stockholders of record June 1, 1954 at the rate of one preferred share for each 15 shares of common stock held. **Price**—To be supplied by amendment. **Proceeds**—To increase working capital and for general corporate purposes. **Underwriter**—White, Weld & Co., New York.

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.

● **Arcturus Electronics, Inc. (5/7)**
April 22 (letter of notification) 125,000 shares of class A common stock (par one cent). **Price**—At market. The underwriter has agreed to purchase these shares at 15 cents per share. **Proceeds** — To Delbert E. Replogle, President. **Underwriter**—Gearhart & Otis, Inc., New York.

★ **Automatic Canteen Co. of American (5/20)**
April 30 filed 77,706 shares of common stock (par $5) to be offered for subscription by stockholders of record May 20 on the basis of one new share for each six shares held; rights to expire on June 7. **Price**—To be supplied by amendment. **Proceeds**—To extend activities in the merchandise vending field. **Underwriter**—Glore, Forgan & Co., New York.

Basin Natural Gas Corp., Santa Fe, N. Mex.
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.

★ **Benrus Watch Co., Inc., New York**
April 27 (letter of notification) 7,600 shares of common stock (par $1). **Price**—At market (about $11 per share). **Proceeds**—To selling stockholders. **Underwriters**— L. F. Rothschild & Co. and Ralph E. Samuel & Co., both of New York.

★ **Benrus Watch Co., Inc., New York**
April 29 (letter of notification) 10,300 shares of common stock (par $1). **Price**—At market (about $11 per share). **Proceeds**—To selling stockholders. **Underwriter**—Ralph E. Samuel & Co., New York.

★ **Brandywine Raceway Association, Inc. (5/19)**
April 28 filed 20,000 shares of capital stock (par $1) and $200,000 of 6% subordinated notes due June 1, 1964, to be offered in units of five shares of stock and $50 of notes to stockholders of record May 19, 1954, on the basis of one unit for each 50 shares of stock held. **Price**—To be supplied by amendment. **Proceeds**—To pay current liabilities, and for expansion and improvements, etc. **Office**—Wilmington, Del. **Underwriters**—Laird Securities Co., Inc., and Laird, Bissell & Meeds, both of Wilmington, Del., and Harrison & Co., Philadelphia, Pa.

British Industries Corp.
April 23 (letter of notification) 3,750 shares of capital stock. **Price**—At market ($2 net to seller). **Proceeds**—To Kay L. Rockey, the selling stockholder. **Underwriter**—Stubner & Co., New York.

★ **Brunswick-Balke-Collender Co.**
April 28 (letter of notification) 5,000 shares of common stock (no par). **Price**—At market (about $15.75 per share). **Proceeds**—To certain selling stockholders. **Office**—623 South Wabash Avenue, Chicago, Ill. **Underwriter**—None.

Budget Funding Corp. (Del.)
April 20 (letter of notification) 149,850 shares of 7% cumulative preferred stock (par $2) and 29,970 shares of common stock (par one cent) in units of five shares of preferred and one share of common stock. **Price**—$10 per unit. **Proceeds**—For working capital. **Office**—167-10 Hillside Avenue, Jamaica, L. I., N. Y. **Underwriter**—Inter-City Securities Corp., Jamaica, L. I., N. Y.

● **California Electric Power Co. (5/12)**
April 22 filed 105,000 shares of cumulative preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds** — To redeem two issues of $2.50 preferred stock (par $50), totaling 88,800 shares, and, together with proceeds from proposed issue of $8,000,000 of new first mortgage bonds, to redeem $8,000,000 3⅞% bonds presently outstanding. **Underwriter** — Merrill Lynch, Pierce, Fenner & Beane, New York.

California Electric Power Co. (5/25)
April 26 filed $8,000,000 of first mortgage bonds due 1984. **Proceeds**—To redeem a like amount of first mortgage 3⅞% bonds due 1983. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kidder, Peabody & Co.; Blyth & Co., Inc. **Bids**—Expected to be received on May 25.

● **Capper Publications, Inc., Topeka, Kan.**
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. Statement effective April 12.

Carolina Casualty Insurance Co.
April 7 (letter of notification) 20,000 shares of class B stock (par $1). **Price**—$4 per share. **Proceeds**—To increase capital and surplus. **Office** — 262 Morehead St., Burlington, N. C. **Underwriter** — Courts & Co., Atlanta, Ga.

★ **Central Solvents & Chemicals Co., Chicago, Ill.**
April 29 (letter of notification) 5,000 shares of common stock (par $1) to be offered to certain employees only. **Price**—$21 per share. **Proceeds**—For general corporate purposes. **Office**—2540 W. Flourney Street, Chicago, Ill. **Underwriter**—None.

Continued on page 38

NEW ISSUE CALENDAR

May 7 (Friday)

Arcturus Electronics, Inc. ---- Class A
(Gearhart & Otis, Inc.) 125,000 shares

Shawano Development Corp. ---- Common
(McGrath Securities Corp.) $249,000

Standard Uranium Corp. ---- Common
(Gearhart & Otis, Inc. and Crerie & Co.) $1,787,500

May 10 (Monday)

Control Engineering Corp. ---- Debentures
(Childs, Jeffries & Thorndike, Inc. and Estabrook & Co.) $300,000

Electronic Associates, Inc. ---- Common
(Offering to stockholders—no underwriting) $138,750

Inter-Canadian Corp. ---- Common
(White, Weld & Co.) $2,500,000

Iowa Public Service Co. ---- Bonds
(Bids 11 a.m. EDT) $7,500,000

Twin Arrow Petroleum Corp. ---- Class A
(General Investing Corp.) $300,000

May 11 (Tuesday)

Keystone Portland Cement Co. ---- Common
(Shields & Co.) 330,296 shares

Northern Natural Gas Co. ---- Debentures
(Blyth & Co., Inc.) $40,000,000

May 12 (Wednesday)

Allis-Chalmers Mfg. Co. ---- Preferred
(Blyth & Co., Inc.) $35,000,000

California Electric Power Co. ---- Preferred
(Merrill Lynch, Pierce, Fenner & Beane) $5,250,000

General Public Utilities Corp. ---- Common
(Offering to stockholders—Merrill Lynch, Pierce, Fenner & Beane may act as clearing agent) 606,423 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 17 (Monday)

Colonial Fund, Inc. ---- Common
(Stone & Webster Securities Corp.) 700,000 shares

Light Metals Refining Corp. ---- Common
(Philip Gordon & Co., Inc.) $5,000,000

Virginia Electric & Power Co. ---- Bonds
(Bids noon EDT) $25,000,000

May 18 (Tuesday)

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

Missouri Public Service Co. ---- Preferred
(Kidder, Peabody & Co.) $5,000,000

Montreal Transportation Commission ---- Debentures
(Bids to be invited) $27,000,000

Northern Ohio Telephone Co. ---- Common
(Offering to stockholders—may be underwritten By Hayden, Miller & Co. and Lawrence Cook & Co.) 117,500 shares

Pacific Gas & Electric Co. ---- Bonds
(Bids to be invited) $65,000,000

State Loan & Finance Corp. ---- Debentures
(Johnston, Lemon & Co. and Union Securities Corp.) $8,000,000

May 19 (Wednesday)

Brandywine Raceway Assn., Inc. ---- Com. & Notes
(Laird Securities Co., Inc.; Laird, Bissell & Meeds; and Harrison & Co.) 20,000 shares and $200,000 notes

New York State Electric & Gas Corp. ---- Bonds
(Bids 11 a.m. EDT) $20,000,000

Public Service Electric & Gas Co. ---- Preferred
(Morgan Stanley & Co., Drexel & Co. and Glore, Forgan & Co.) $24,994,200

May 20 (Thursday)

Automatic Canteen Co. of America ---- Common
(Offering to stockholders—underwritten by Glore, Forgan & Co.) 77,706 shares

South Carolina Electric & Gas Co. ---- Preferred
(Kidder, Peabody & Co.) $4,000,000

Southeastern Public Service Co. ---- Preference
(Bioren & Co.) $900,000

Transportation Development Corp. ---- Common
(L. H. Rothchild & Co.) $600,000

May 24 (Monday)

Glitsch (Fritz W.) & Sons, Inc. ---- Common
(A. C. Allyn & Co., Inc. and The First Southwest Co.) 170,000 shares

May 25 (Tuesday)

California Electric Power Co. ---- Bonds
(Bids to be invited) $8,000,000

Consolidated Natural Gas Co. ---- Debentures
(Bids 11:30 a.m. EDT) $25,000,000

May 26 (Wednesday)

Florida Power Corp. ---- Preferred
(Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane) $7,500,000

Public Service Electric & Gas Co. ---- Bonds & Pfd.
(Bids 11 a.m. EDT) $50,000,000

May 27 (Thursday)

United States Sulphur & Chemical Corp. ---- Common
(Vickers Brothers) $760,000

June 2 (Wednesday)

Vanadium Corp. of America ---- Debentures
(Kidder, Peabody & Co.) $5,000,000

June 7 (Monday)

Consumers Power Co. ---- Bonds
(Bids 11 a.m. EDT) $25,000,000

June 8 (Tuesday)

Southwestern Gas & Electric Co. ---- Bonds
(Bids to be invited) $10,000,000

June 9 (Wednesday)

Philadelphia Electric Co. ---- Common
(Offering to stockholders—to be underwritten by Drexel & Co. and Morgan Stanley & Co.) 900,000 shares

June 22 (Tuesday)

Duquesne Light Co. ---- Preferred
(Bids to be invited) $5,000,000 to $6,000,000

Gulf Power Co. ---- Bonds
(Bids 11 a.m. EDT) $10,000,000

June 29 (Tuesday)

Duquesne Light Co. ---- Bonds
(Bids to be invited) $15,000,000 to $17,000,000

Continued from page 37

★ Childs Food Stores, Inc., Jacksonville, Tex.
April 26 (letter of notification) 5,000 shares of class A common stock (no par). **Price**—$13 per share. **Proceeds**—For working capital. **Underwriter**—Moroney, Beissner & Co., Houston, Tex., and Eppler, Guerin & Turner, Dallas, Tex.

★ C. I. T. Financial Corp., New York
April 30 filed 230,221 shares of common stock (no par) to be offered to certain employees of the company and its subsidiaries under a "Restricted Stock Option Plan for Key Employees."

★ Clark Oil & Refining Corp.
April 29 filed 50,000 shares of $1.20 cumulative convertible preferred stock, series A (par $20) and 150,000 shares of common stock (par $1). Of the latter issue, 50,000 shares will be for account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Underwriter**—Loewi & Co., Milwaukee, Wis.

Claussen Bakeries, Inc., Augusta, Ga.
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 $10 per share; 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.

Colonial Fund, Inc. (5/17)
April 23 filed 700,000 shares of common stock (par $1). **Price**—Initially at $16 per share. **Proceeds**—For investment. **Underwriter**—Stone & Webster Securities Corp., New York.

Columbia Gas System, Inc.
March 22 filed $50,000,000 of subordinated convertible debentures due 1984 being 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** — Halsey, Stuart & Co. Inc. won award of the issue on April 21.

● Consol. Edison Co. of New York, Inc.
April 7 filed $50,000,000 of first and refunding mortgage bonds, series K, due May 1, 1984. **Proceeds**—To be applied towards cost of redeeming $27,982,000 New York Steam Corp. first mortgage bonds and $25,000,000 Westchester Lighting Co. general mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Offering**—Originally set for May 11, but has been postponed because of market conditions. No new date set.

Consolidated Natural Gas Co. (5/25)
April 15 filed $25,000,000 of debentures due 1979. **Proceeds**—To repay $15,000,000 long-term notes due March 1, 1955, and to purchase stock from or make loans to its subsidiaries who will use the funds to pay for new construction. **Underwriter**—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.

● Control Engineering Corp. (5/10)
April 23 (letter of notification) $300,000 of 6% subordinated convertible debentures due April 1, 1964. **Price**—At 100%. **Proceeds**—For working capital. **Office**—Norwood, Mass. **Underwriters** — Childs, Jeffries & Thorndike, Inc., New York, and Estabrook & Co., Boston, Mass.

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. Statement effective April 19.

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.

Cornell-Dubilier Electric Corp.
April 7 (letter of notification) 1,666 shares of common stock. **Price**—At market (approximately $30 per share). **Proceeds** — To Octave Blake, the selling stockholder. **Underwriter**—Pyne, Kendall & Hollister, New York.

Douglas Oil Co. of California.
April 23 (letter of notification) a maximum of 17,000 shares of common stock (par $1). **Price**—At market (around $6.37½ per share). **Proceeds**—To certain selling stockholders. **Underwriter**—Shearson, Hammill & Co., New York.

★ Dravo Corp.
April 23 (letter of notification) not exceeding 6,000 shares of common stock (par $1) to be offered to employees. **Price** — At market (approximately $42 per share). **Proceeds**—For general corporate purposes. **Office**—Neville Island, Pittsburgh 25, Pa. **Underwriter**—None.

Electronic Associates, Inc. (5/10)
April 19 (letter of notification) 7,500 shares of common stock (par $1) to be offered for subscription by stockholders of record May 10, 1954 on the basis of one new share for each 15 shares held; rights to expire on June 9, 1954. **Price**—$18.50 per share. **Proceeds**—For working capital. **Office**—Long Branch Ave., Long Branch, N. J. **Underwriter**—None.

Family Digest, Inc.
April 9 (letter of notification) 142,875 shares of class A stock. **Price**—At par ($1 per share). **Proceeds**—For operating capital and operating expenses. **Office**—421 Hudson St., New York 14, N. Y. **Underwriter**—Carl J. Bliedung, Washington, D. C.

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.

★ Florida Power Corp. (5/26)
May 3 filed 75,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—$3,378,400 to redeem 4.90% cumulative preferred stock now outstanding, and the remainder used for new construction. **Underwriters**—Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane, both of 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.

General Credit Corp., Miami, Fla.
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.
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. **Offering**—Postponed indefinitely.

General Public Utilities Corp. (5/12)
April 15 filed 606,423 shares of common stock (par $5) to be offered for subscription by stockholders at rate of one new share for each 15 shares held on May 12; with rights to expire June 2. **Price**—To be supplied by amendement. **Proceeds**—To be invested in corporation's domestic subsidiaries. **Underwriter**—None, but Merrill Lynch, Pierce, Fenner & Beane may act as clearing agent.

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.

★ Glitsch (Fritz W.) & Sons, Inc. (5/24)
May 3 filed 170,000 shares of common stock (par $2). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Dallas, Texas. **Underwriters**—A. C. Allyn & Co., Inc., Chicago, Ill., and The First Southwest Co., Dallas, Texas.

● Housatonic Public Service Co.
April 7 filed 41,159 shares of common stock (par $15) being offered for subscription by stockholders of record April 23 at the rate of one new share for each eight shares then held (with unsubscribed shares being offered to officers and employees); rights to expire on May 13. **Price**—$21 per share. **Proceeds**—To repay $130,000 bank loans and for construction expenses. **Underwriter**—None.

Inter-Canadian Corp., Chicago, Ill. (5/10)
April 19 filed 100,000 shares of common stock (par $1). **Price**—$25 per share. **Proceeds**—For venture or semi-venture investment situations in Canada. **Underwriter**—White, Weld & Co., New York.

★ International Cellucotton Products Co.
April 30 (letter of notification) an undeterminate number of shares of common stock (par $1) but not to exceed 6,000 shares, to be offered to employees. **Price**—To be 85% of market price (market estimated at $45 per share). **Proceeds**—For general corporate purposes. **Office**—919 N. Michigan Avenue, Chicago, Ill. **Underwriter**—None.

Iowa Public Service Co. (5/10)
April 14 filed $7,500,000 of first mortgage bonds due May 1, 1984. **Proceeds**—To redeem a like amount of outstanding first mortgage 4% bonds due 1983 at 102.42% plus accrued interest. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp. and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; White, Weld & Co.; Kidder, Peabody & Co. and Blyth & Co., Inc. (jointly). **Bids**—To be received up to 11 a.m. (EDT) on May 10 at 61 Broadway, New York 6, N. Y.

★ Kansas-Nebraska Natural Gas Co., Inc. (5/18)
April 28 filed 10,000 shares of $5 cumulative preferred stock (no par). **Price**—$101 per share. **Proceeds**—For property additions, etc. **Underwriters** — Cruttenden & Co., Chicago, Ill., and The First Trust Co. of Lincoln, Neb.

★ Kansas-Nebraska Natural Gas Co., Inc. (5/18)
April 28 filed 85,090 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 or about May 18 (with an oversubscription privilege). Employees to be given right to purchase unsubscribed shares. **Price**—$23 per share. **Proceeds**—For property, additions. **Underwriters** — Cruttenden & Co., Chicago, Ill., and The First Trust Co. of Lincoln, Neb.

Kendon Electronics Co., Inc.
April 21 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For working capital and general corporate purposes. **Office** — 18 Clinton Street, Brooklyn, N. Y. **Underwriter**—20th Century Pioneer Securities Co., New York, N. Y.

● Keystone Portland Cement Co. (5/11)
April 21 filed 330,296 shares of common stock (par $3). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Philadelphia, Pa. **Underwriter**—Shields & Co., New York.

★ La Gorge Country Club, Miami Beach, Fla.
April 26 (letter of notification) $299,000 of 2% 30-year debentures due July 1, 1984, to be offered to members or family of members, of company. **Price**—At par. **Proceeds** — For additions to club house, etc. **Office**—5685 Alton Road, Miami Beach, Fla. **Underwriter**—None.

★ Lake Superior Refining Co., Superior, Wis.
April 23 (letter of notification) 77 shares of common stock and $7,700 of 5% promissory notes. **Price**—At par ($100 per share) for stock and face amount for notes. **Proceeds**—For acquisition of a marketing organization. **Address**—Box 42, East End Station, Superior, Wis. **Underwriter**—None.

● Light Metals Refining Corp., New York (5/17)
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.

★ Link-Belt Co., Chicago, Ill.
April 30 filed 21,677 shares of common stock (par $5) to be offered for subscription by a selected group of officers and employees of the company and its subsidiaries. **Price**—$39 per share.

★ Loeb (Carl M.), Rhoades & Co.
May 5 filed $4,999,400 of American depositary receipts for Japanese sterling bonds, underlying securities as follows: Imperial Japanese Government 4% sterling loan of 1899; 5% of 1907; 4% of 1910; 6% of 1924; 5½% conversion loan of 1930 (Sterling bonds); South Manchurian Ry. Co. Ltd. 5% Sterling bonds of 1923; City of Yokohama 5% Sterling bonds of 1934; City of Tokyo 5% loan of 1912 (Sterling bonds) and 5½% loan of 1926 (Sterling bonds); Tokyo Electric Light Co., Ltd. 6% first mortgage bonds (Sterling series). Holders of bonds of the aforementioned issues whether or not they have assented to the offer made by the agreement of Sept. 26, 1952 by the Government of Japan and the Council of the Corporation of Foreign Bondholders, London, England, are being offered the opportunity of depositing an aggregate of not more than 1,785,500 Sterling pounds principal amount of such bonds with the depositary, Schroder Trust Co., New York, or with the subdepositary, J. Henry Schroder & Co., London, England, under the deposit agreement and receiving in respect thereof American depositary receipts issued in New York upon payment of the charges described therein. No American depositary receipts are being offered hereby for sale for cash. Bonds deposited in London can only be released in London.

★ Lynch Carrier Systems, Inc., San Francisco, Calif.
May 4 filed $250,000 of 6% sinking fund debentures, series A, due June 1, 1969 (with capital stock purchase warrants attached—each warrant to entitle purchaser of each $1,000 of debentures to acquire 150 shares of capital stock at $3.75 per share through May 1, 1962). **Price**—100% and accrued interest for debentures. **Proceeds**—To establish sales application engineering offices in selected cities to aid effort of company's national distributors; for machinery and equipment; for general funds to continue research and development; and to provide additional working capital. **Business** — Designing and manufacturing of electronic communications systems. **Underwriter** — P. W. Brooks & Co., Inc., New York.

★ Lynch Carrier Systems, Inc.
May 4 filed 140,000 shares of capital stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholder. **Underwriter**—P. W. Brooks & Co., Inc., New York.

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, in State of Israel, and for operations and expenses. **Underwriter**—To be named by amendment.

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.

Missouri Public Service Co. (5/18)
April 23 filed 50,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To redeem outstanding first preferred stock

($3,475,000), to repay $750,000 bank loans and the balance for construction program. **Underwriter**—Kidder, Peabody & Co., New York.

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.; 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.

★ **Montreal Transportation Commission, Montreal, Canada (5/18)**
April 29 filed $27,000,000 of sinking fund debentures, 1954 issue, due May 1, 1974, guaranteed unconditionally as to principal, interest and sinking fund retirements by The City of Montreal (Canada). **Price**—To be supplied by amendment. **Proceeds**—To redeem outstanding $24,944,300 of Montreal Tramways Co. general mortgage sinking fund bonds due April 1, 1955; and balance for modernization program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Shields & Co., Halsey, Stuart & Co. Inc. and Savard & Hart (jointly); Kuhn, Loeb & Co., Glore, Forgan & Co. and Salomon Bros. & Hutzler (jointly); Lehman Brothers; White, Weld & Co., Union Securities Corp., and Blyth & Co., Inc. (jointly); Dominion Securities Corp. **Offering**—Tentatively expected on May 18.

★ **Mutual Investors Corp. of New York**
April 29 (letter of notification) 298,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—550 Fifth Avenue, New York. **Underwriter**—Greenfield & Co., Inc., New York.

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.

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 Mexico Copper Corp.
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 York State Electric & Gas Corp. (5/19)
April 21 filed $20,000,000 first mortgage bonds due 1984. **Proceeds**—To repay bank loans and for new construction. **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 to be received up to 11 a.m. (EDT) on May 19.

North Pittsburgh Telephone Co.
April 23 (letter of notification) 2,000 shares of common stock to be offered for subscription by common stockholders of record May 1, 1954, on the basis of one new share for each five common shares held. **Price**—At par ($25 per share). **Proceeds**—For general corporate purposes. **Office**—Gibsonia, Pa. **Underwriter**—None.

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 Natural Gas Co. (5/11)
April 16 filed $40,000,000 of sinking fund debentures due Nov. 1, 1973. **Price**—To be supplied by amendment. **Proceeds**—To be applied toward redemption in June, 1954, of a like amount of 4½% debentures due Nov. 1, 1973. **Underwriter**—Blyth & Co., Inc., New York.

● **Northern Ohio Telephone (5/18)**
April 23 filed 117,150 additional shares of common stock (par $10) to be offered for subscription by stockholders of record May 14 on the basis of one new share for each two held; with a 14-day standby. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for property additions and improvements. **Underwriters**—Hayden, Miller & Co.; McDonald & Co.; Merrill, Turben & Co.; and Lawrence Cook & Co.; all of Cleveland, Ohio.

★ **Oklahoma Oil Co., Denver, Colo.**
April 30 (letter of notification) 800,000 shares of common stock (par five cents) to be offered first to stockholders. **Price**—25 cents per share to stockholders; at market to public. **Proceeds**—To drill for oil and gas on 21 offset locations. **Office**—401 Zook Building, Denver 4, Colo. **Underwriter**—None.

Pacific Gas & Electric Co. (5/18)
April 20 filed $65,000,000 of first and refunding mortgage bonds, series X, due June 1, 1984. **Proceeds** — To refund $63,040,000 4% bonds, series V. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly); Blyth & Co., Inc. **Bids**—Tentatively expected to be received on May 18.

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 in State of Israel, and for operations and expenses. **Underwriter**—To be named by amendment.

★ **Peck (T. N.) & Associates, Inc., N. Y.**
April 26 (letter of notification) 56,200 shares of capital stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For production of charcoal and its byproducts. **Office**—Room 1100, 250 Park Ave., New York. **Underwriter**—None.

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.

Porta Co., Inc., Chestnut Hill, Mass.
April 8 (letter of notification) 640 shares of $6 cumulative preferred stock (no par) and 640 shares of common stock (no par) to be offered in units of one share of each class of stock. **Price**—$100 per unit. **Proceeds**—For manufacture of sporting goods. **Office** — 48 Moody St., Chestnut Hill, Mass. **Underwriter** — Minot Kendall & Co., Inc., Boston, Mass.

★ **Public Service Electric & Gas Co. (5/19)**
April 28 filed 249,942 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To redeem on June 30 a like amount of 4.70% preferred stock. **Underwriters**—Morgan Stanley & Co., New York; Drexel & Co., Philadelphia, Pa.; and Glore, Forgan & Co., New York.

★ **Public Service Electric & Gas Co. (5/26)**
April 28 filed $50,000,000 of first and refunding mortgage bonds due May 1, 1984. **Proceeds**—For new construction. **Underwriter**—To 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**—Expected to be received up to 11 a.m. (EDT) on May 26.

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.

Rio Grande Investment Co., Longmont, Colo.
April 19 (letter of notification) 1,150 shares of common stock (no par) and 1,150 shares of 6% cumulative participating preferred stock (par $100) to be offered in units of one share of each class of stock. **Price**—$100 per unit. **Proceeds** — For operating expenses and to make loans. **Business**—Finance company. **Address**—P. O. Box 194, Longmont, Colo. **Underwriter**—William E. Conly, Jr., Longmont, Colo.

Shawano Development Corp. (Fla.) (5/7)
April 23 (letter of notification) 83,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For development of land and planting Ramie and for working capital. **Underwriter** — McGrath Securities Corp., New York.

★ **Socony-Vacuum Oil Co., Inc.**
May 3 filed $15,000,000 of Interests in The Employees Savings Plan of this company, together with 300,000 shares of capital stock (par $15) to be issued in connection therewith.

★ **South Carolina Electric & Gas Co. (5/20)**
April 30 filed 80,000 shares of cumulative preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds**—To repay $2,800,000 of bank loans, for new construction and for advances to its subsidiary. **Underwriter**—Kidder, Peabody & Co., New York.

★ **Southeastern Public Service Co. (5/20)**
April 29 filed 36,000 shares of 6% cumulative convertible preference stock, seris B (par $25). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter**—Bioren & Co., Philadelphia, Pa.

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 Oil Co. (Ohio)**
April 28 filed $2,827,000 of interests in Sohio Employees Investment Plan, together with 47,950 shares of common stock (par $10) and 9,000 shares of 3¾% cumulative preferred stock, series A (par $100), purchasable under plan (the amount of interests to be registered being the estimated interests which the employee allotments and Sohio's contributions will provide).

● **Standard Uranium Corp. (5/7)**
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. **Office** — Moab, Utah. **Underwriters** — Gearhart & Otis, Inc., New York, and Crerie & Co., Houston, Tex.

State Loan & Finance Corp. (5/18)
April 26 filed $8,000,000 of 12-year sinking fund debentures due May 1, 1966. **Price**—To be supplied by amendment. **Proceeds** — To reduce outstanding bank loans. **Underwriters**—Johnston, Lemon & Co., Washington, D. C., and Union Securities Corp., New York.

★ **Strategic Metals, Inc.**
April 29 (letter of notification) 1,200,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For exploration and development expenses. **Offices**—Tungstonia, Nev., and 609 First Security Bank Building, Salt Lake City, Utah. **Underwriters**—William H. Weston (Jr. and Sr.), Wheatland, Wyo., and Dr. A. Eugene Currier, Sunrise, Wyo.

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.

★ **Suburban Recreation, Inc., Silver Spring, Md.**
April 30 (letter of notification) 6,000 shares of common stock. **Price**—At par ($25 per share). **Proceeds**—To build public swimming pools and associated recreational facilities. **Office** — 1223 Woodside Parkway, Silver Spring, Md. **Underwriter**—None.

Sun Oil Co., Philadelphia, Pa.
April 15 filed a maximum of 139,662 shares of common stock (no par) to be offered for possible public sale during the period July 1, 1954 to June 30, 1955. **Price**—At market. **Proceeds**—To selling stockholders. **Underwriter**—None. The shares will be sold through brokerage houses.

Sun Oil Co., Philadelphia, Pa.
April 15 filed 14,000 memberships in the stock purchase plan for the employees of this company and its subsidiaries and 146,100 shares of common stock (no par), the latter representing the maximum number of shares which it is anticipated may be purchased by the trustees under the plan. **Underwriter**—None.

★ **Superior Refinery Owners, Inc.**
April 23 (letter of notification) 72 shares of common stock and $7,200 of 5% promissory notes. **Price**—At par ($100 per share) for stock or face amount for notes. **Proceeds**—For purpose of enabling affiliate to set up a marketing organization. **Address**—Box 42, East End Station, Superior, Wis. **Underwriter**—None.

★ **Taylorcraft, Inc., Conway, Pa.**
April 30 (letter of notification) 150,000 shares of 6% cumulative convertible preferred stock, of which 100,000 shares will be offered to public and 50,000 shares to creditors. **Price**—At par ($2 per share). **Proceeds**—For working capital. **Underwriter**—Graham & Co., Pittsburgh, Pa.

★ **Tennessee Production Co., Houston, Tex.**
April 29 filed $315,000 of contributions to be made by employees to the Thrift Plan of this company.

Telephone Bond & Share Co.
March 31 filed 324,089 shares of common stock (par $7) being offered for subscription by stockholders on the basis of one new share for each two shares held April 27; rights to expire on May 11. **Price**—$15 per share. **Proceeds**—For financing of company's subsidiaries. **Underwriters**—Lazard Freres & Co.; White, Weld & Co.; and W. C. Pitfield & Co., Inc.

Transportation Development Corp. (5/20)
April 26 filed 100,000 shares of common stock (par $1). **Price**—$6 per share. **Proceeds**—To finance the costs of obtaining contracts for the construction of the company's transportation system, for working capital and for other general corporate purposes. **Underwriters**—L. H. Rothchild & Co., New York.

★ **Tri-State Metals, Inc., Mesquite, Nev.**
April 28 filed 3,000,000 shares of common stock (partly under a rescission offer). **Price**—At par ($1 per share). **Proceeds**—To repay loans, retire mortgages, and for exploratory and development work, tungsten mill and facilities, and a reserve for development of other presently owned mining properties. **Underwriter**—None.

★ **Trican Petro-Chemical Corp., Montreal, Canada.**
April 30 filed 500,000 shares of common stock (par $1). **Price** — To be related to the market price at time of offering. **Proceeds**—For development costs and general corporate purposes. **Underwriter** — To be named by amendment.

● **Twin Arrow Petroleum Corp. (5/10)**
April 13 (letter of notification) 600,000 shares of class A common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For general corporate purposes. **Underwriter**—General Investing Corp., New York.

★ **United States Sulphur & Chemical Corp., Carson City, Nev. (5/27)**
April 30 filed 380,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds** — For acquisitions, exploration and development expenses, and for working capital. **Underwriter**—Vickers Brothers, New York.

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★ Uranium-Petroleum Co., Salt Lake City, Utah
April 29 (letter of notification) 2,900,000 shares of common stock (par five cents). **Price** — 10 cents per share. **Proceeds**—For exploration and development of uranium and petroleum properties. **Office**—53 East 4th South St., Salt Lake City, Utah. **Underwriter** — Hunter Securities Corp., New York.

Virginia Electric & Power Co. (5/17)
April 19 filed $25,000,000 of first and refunding mortgage bonds, series K, due May 1, 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 up to noon (EDT) on May 17 at Room 735, 11 Broad St., New York, N. Y.

● Volunteer Natural Gas Co., Johnson City, Tenn.
April 26 (letter of notification) 85,000 shares of common stock (par $1). **Price**—$3.50 per share. **Proceeds**—For expansion. **Underwriter**—Eastman, Dillon & Co., New York. **Offering**—Expected today (May 6).

Webb & Knapp, Inc., New York
April 14 filed $8,607,600 of 5% sinking fund debentures due June 1, 1974, to be offered together with certain cash by the company in exchange for outstanding common stock of Equitable Office Building Corp. on basis of $5 in cash and $7 principal amount of debentures for each share of Equitable stock. Exchange offer is conditioned solely upon acceptance by 80% of outstanding shares. **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.

● Wisconsin Electric Power Co.
April 7 filed 421,492 shares of common stock (par $10) being offered for subscription by stockholders of record April 27 on the basis of one new share for each 10 shares held (with an oversubscription privilege); rights to expire on May 20. Employees to receive rights to purchase unsubscribed shares. **Price**—$26.25 per share. **Proceeds**—For property additions and improvements. **Underwriter**—None.

★ Wyoming Oil & Exploration Co., Las Vegas, Nev.
April 29 filed 500,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For exploration and development of oil and gas properties. **Underwriter**—None.

Wyton Oil & Gas Corp., Newcastle, Wyo.
April 20 filed 1,000,000 shares of common stock (par $1). **Price**—$1.12½ per share. **Proceeds**—For general corporate purposes. **Underwriter** — National Securities Corp., Seattle, Wash., on a "best efforts basis."

Prospective Offerings

● American Natural Gas Co.
April 28 stockholders approved a proposal to increase 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.
April 1 William F. Wyman, President, 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. **Meeting**—Stockholders will vote May 12 on increasing authorized preferred stock from 330,000 shares to 410,000 shares.

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).

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.
April 8 it was announced stockholders will vote May 17 on increasing common stock (no par) by 2,000,000 shares. The company has no definite plans to issue these shares.

Consumers Power Co. (6/7)
April 23 company sought authority from Michigan P. S. Commission to issue and sell $25,000,000 of first mortgage 30-year bonds. **Price**—To be not less favorable to company than a 3⅛% basis. **Proceeds**—To redeem at 105.25% a like amount of outstanding 3¾% bonds due 1983. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Kuhn, Loeb & Co., and Union Securities Corp. (jointly); Harriman Ripley & Co. and The First Boston Corp. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on or about June 7. **Registration**—Planned for May 7.

● Duquesne Light Co. (6/22)
April 22 directors announced stockholders will vote on June 23 to increase the authorized preferred stock from 1,000,000 to 1,250,000 shares (par $50). It is planned to sell about $5,000,000 to $6,000,000 of this issue. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Lehman Brothers; Blyth & Co. Inc.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Kuhn, Loeb & Co. and Smith, Barney & Co. (jointly). **Bids**—Tentatively expected to be received on June 22.

● Duquesne Light Co. (6/29)
April 28 it was reported company is tentatively planning to issue and sell from $15,000,000 to $17,000,000 of bonds about June 29. **Underwriter**—To be determined by competitive bidding. Probable bidders: 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.

● Eastern Utilities Associates
April 30 trustees authorized issuance of additional common stock (par $10) to present stockholders on a basis not greater than one new share for each 12 shares held. **Proceeds**—To pay off $2,000,000 of bank loans. **Offering**—Expected not later than Oct. 1, 1954.

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).

General Precision Equipment Corp.
April 27 stockholders voted to approve a proposal to increase the authorized convertible preference stock from 15,000 to 25,000 shares; the authorized preferred stock from 150,000 to 250,000 shares and the authorized common stock from 1,500,000 to 2,000,000 shares. **Purpose**—The increases in stock had been sought so that the company will have available additional authorized and unissued stock to be used when considered advisable by the board of directors for corporate purposes including, but not limited to, the acquisition of new business, financing of new construction, payment or prepayment of outstanding indebtedness, restoration of working capital, granting of additional employee stock options under the plan approved by stockholders in 1949, and for additions to working capital. **Underwriters** — The First Boston Corp. and Tucker, Anthony & Co.

Glass Fibers, Inc.
April 9 it was reported company plans to raise about $2,500,000 through issuance of new securities later in 1954. **Underwriter**—McCormick & Co., Chicago, Ill.

Gulf Power Co. (6/22)
April 20 it was reported company plans to issue and sell $10,000,000 of new first mortgage bonds due 1984. **Proceeds**—Refund $6,593,000 of outstanding first mortgage 4⅛% bonds due 1983 and for repayment of bank loans and new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Salomon Bros. & Hutzler and Drexel & Co. (jointly); Equitable Securities Corp.; Union Securities Corp. **Bids**—Expected to be received up to 11 a.m. (EST) on June 22.

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. **Offering**—Expected in June.

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 on April 27 aprpoved new financing.

★ Libby, McNeill & Libby
April 23 it was announced stockholders will vote May 20 on authorizing an issue of 100,000 shares of cumulative preferred stock (par $100), and to provide that this stock may be issued, without first being offered to common stockholders. **Underwriters**—May be Glore, Forgan & Co., New York.

Long Island Lighting Co.
April 20 it was announced company plans this year to issue $20,000,000 mortgage bonds. **Proceeds** — To finance construction program. **Underwriter**—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.

Long Island Lighting Co.
April 20, Errol W. Doebler, President, announced company contemplates later this year to offer probably about 700,000 shares of common stock to common stockholders, probably on a one-for-eight basis. **Proceeds**—For new construction. **Underwriters**—May be Blyth & Co. Inc., The First Boston Corp. and W. C. Langley & Co. (jointly).

Merritt-Chapman & Scott Corp.
April 23 it was announced company plans to offer additional common stock (about 281,432 shares) to stockholders of record June 25, 1954 on a one-for-five basis (with an oversubscription privilege); rights to expire on July 19. **Proceeds**—For expansion and working capital. **Underwriter**—None.

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).

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 England Electric System
April 29 it was announced company plans to offer to its common stockholders next Fall additional common stock on a 1-for-10 basis. **Proceeds** — For construction program of subsidiaries. **Underwriters** — To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., Lehman Brothers and Bear, Stearns & Co. (jointly); Carl M. Loeb, Rhoades & Co., Ladenburg, Thalmann & Co. and Wertheim & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly).

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.

Northern Natural Gas Co.
March 29 it was announced company has applied to the Nebraska Railway Commission for authority to issue 365,400 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.

Pembina Pipe Line Co. (Canada)
April 14 it was announced company has been granted the right to obtain a permit to build a 72-mile pipe line to transport crude oil from the Pembina Oil Field in Alberta to Edmonton. Financing will be handled jointly by Mannix Ltd. of Calgary, Dome Exploration (Western) Ltd. of Toronto, and Carl M. Loeb, Rhoades & Co. of New York.

Pennsylvania Glass Sand Corp.
April 27 stockholders approved a proposal to increase 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.

★ Philadelphia Electric Co. (6/9)
April 30, company announced it will file with the SEC and the Pennsylvania P. U. Commission, within the next few weeks, registration statements covering a proposed offering of approximately 900,000 shares of common stock to common stockholders of record June 7, 1954, on the basis of one new share for each 12 shares held (but not the $1 dividend preference common stock). **Price**—To be named later. **Proceeds**—For new construction, etc. **Underwriters** — Drexel & Co., Philadelphia, Pa., and Morgan Stanley & 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 Co. of Colorado
April 12 it was reported company plans to finance its 1954 construction program through temporary bank loans, with permanent financing delayed until later in the year. Previously, the company had planned to float an issue of $15,000,000 first mortgage bonds, due 1984, early in 1954. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Kuhn, Loeb & Co.; The First Boston Corp.; Harris, Hall & Co. Inc.; Harriman Ripley & Co., Inc. and Union Securities Corp. (jointly); Lehman Brothers; Kidder, Peabody & Co.; Blyth & Co., Inc. and Smith, Barney & Co. (jointly).

Public Service Co. of New Hampshire
April 21 it was announced that stockholders will vote May 13 on increasing authorized preferred stock from 160,000 shares to 300,000 shares, of which it is planned to issue not in excess of 75,000 shares. **Proceeds**—To refund outstanding 50,000 shares of 5.40% preferred stock and for new construction. **Underwriter**—If through competitive bidding, bidders may include Kidder, Peabody & Co. and Blyth & Co., Inc. (who made the only bid in June, 1952, for the 5.40% issue, which was rejected); R. W. Pressprich & Co. and Spencer Trask & Co. (who were awarded that issue in July, 1952, on a negotiated basis.

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.

★ San Diego Gas & Electric Co.
April 28 it was reported company plans to offer late in 1954 (probably first to stockholders) 800,000 shares of additional common stock. **Underwriter** — Blyth & Co., Inc., San Francisco and New York.

Scott Paper Co.
April 27 stockholders approved proposals which increased 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.

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.

● Southwestern Gas & Electric Co. (6/8)
March 8 it was announced company plans to issue and sell $10,000,000 first mortgage bonds. **Proceeds**—To refund bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Lehman Brothers; Blyth & Co., Inc.; Kuhn, Loeb & Co.; Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly); Harriman Ripley & Co. Inc.; The First Boston Corp. **Bids**—Expected to be received on June 8.

Sutton (O. A.) Corp., Wichita, Kan.
Feb. 15 it was reported company may do some financing later this year, either public or private. **Business**—Air circulating equipment, etc.

Tennessee Gas Transmission Co.
Jan. 27 it was reported company plans issuance and sale of $20,000,000 of debentures in June 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.
April 27 stockholders approved a proposal increasing the authorized common stock from 7,500,000 shares to 10,000,000 shares (par $7). **Underwriter**—Dillon, Read & Co. Inc., New York.

★ Texas International Sulphur Co., Houston, Texas
April 28 it was reported company plans to do some additional financing in the near future. **Underwriter**—May be Vickers Brothers, New York.

Toledo Edison Co.
April 20 stockholders voted to increase the authorized cumulative preferred stock from 300,000 shares to 500,000 shares. The company does not plan to do any financing at present. **Underwriters**—The First Boston Corp., New York, and Collin, Norton & Co., Toledo, Ohio.

Trans-Canada Pipe Lines, Ltd.
March 26 it was annouced 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.

Transcontinental Gas Pipe Line Corp.
March 16 it was reported company plans later this year to do some permanent financing to repay temporary bank loans necessary to pay for new construction estimated to cost about $11,000,000 for 1954. **Underwriters**—White, Weld & Co. and Stone & Webster Securities Corp., 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.

● Vanadium Corp. of America (6/2)
April 20 it was reported company plans to issue and sell $5,000,000 of convertible debentures. **Proceeds**—To repay bank loans and for working capital and expansion. **Underwriter** — Kidder, Peabody & Co., New York. **Registration**—Expected in near future.

West Coast Telephone Co.
April 13 stockholders voted to create an issue of 100,000 shares of $1.28 cumulative preferred stock (par $25). **Proceeds**—To repay bank loans and for construction program. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif.

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.

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The Outlook for German Currency Convertibility

constituting a drain on the resources of the Federal Republic much larger even than is entailed in supporting the distressed area of West Berlin.

Dollar Gap

The much publicized "dollar gap" arises from the fact that the amounts of dollars which everybody in America applies (a) to buying in other countries, or (b) to voluntary employment in other countries, are less than the amounts which people in other countries want to spend in dollar countries on buying dollar goods. It is felt here that purchasing power theory can be applied to the international situation. It appears that Western Germany would be delighted if the Americans were to say: "Let us simplify and ease our customs regulations. Then we shall be spending more dollars on buying from other countries; those countries will then be able to buy more from us, and we shall sell more."

It is contended in some quarters here that if American tariffs were lowered, so that in the long run the export surpluses achieved by the U. S. A. would on the average never be greater than the total sums which Americans in full freedom wished to invest in non-dollar countries, the result would be the termination of all "dollar gap." The United States would not need to provide any money whatever for aid schemes; and the non-dollar countries, including Western Germany, could at once proceed to make their currencies freely exchangeable.

Full Freedom of International Capital Transactions

The Germans are pursuing with special interest the objective of freeing short-term and long-term credit transactions. Hitherto matters have never gone beyond the stage of recommending to Governments that they refrain from an inflationary policy. In many cases however, this instrument of "moral recommendations" has turned out to be blunt.

One interesting viewpoint here is that it would be better to require individual Central Banks to permit international credit transactions at both short- and longer-term without restrictions, and that this would work better than all the "moral recommendations."

A German View

In the words of H. Sturzel, economist of the Berliner Bank, in an interview with the writer here, "The imposition on Central Banks of a kind of most-favored-nation clause is advocated, requiring them to grant credit to any foreigner on the same terms as those on which they grant credit to their own nationals and their own Government. Then they could no longer follow a bad, inflationary policy. If they did grant credit too cheaply, it is said, then foreigners would at once take this cheap Central Bank credit; they would appear with large amounts of the currency of the country in question and demand the currency of their own country; and this would depress the exchange value of the currency in which credit was too easy. Central Banks that wished to avoid such worsening of their exchange would have to charge high rates of interest. Countries with an adverse balance of trade would in fact have to make their rate of interest so high that it would pay foreigners to put their money there. The result would be that the trade deficit would be covered by the surplus on net capital transactions just as smoothly as, during the many decades of peace before the First World War, every trade deficit was automatically so covered.

"The trouble is that nearly all countries have forgotten how balances of payments were in fact settled before the First World War, in spite of the fact that nobody ever even calculated the immense deficits on some balances of trade."

"Many people think that one must restore a freely fluctuating exchange rate, so that there shall be 'automatic' settlement," Sturzel continued. "But under the gold standard system there were not as a rule freely fluctuating exchange rates. The real machinery which ensured that balances of payments were settled was that of international credit transactions and interest arbitrage. If that system is again allowed to operate—and we have just shown how it works—there will be no need for either import restrictions or free and unstable exchange rates. If however short-term credit transactions between countries continue to be blocked, then no official controls, no alterations of exchange rates, no 'moral recommendations' and no aid funds will restore sound monetary conditions between the free peoples. Western Germany might have to offer a risk premium to foreign investors, because foreigners may think that our nearness to Russia makes the risks here higher than anywhere else in the world. That would of course mean that the interest rate here would have to be somewhat higher. Even now an American who invests in German bonds can earn more than 7% interest. The 30% German capital yield tax, which in Germany is deducted at source, is at once repaid to a foreign holder on application. Too great a difference between the interest levels could be avoided if in such cases the International Bank for Reconstruction and Development would give certain guarantees for long-term investments. That, and not the direct subsidizing of balance of payments deficits, is in our view the proper task for institutions such as the International Monetary Fund or International Bank. Only too often the provision of direct subsidies for unsound balances of payments simply means throwing good money after bad," Sturzel concluded.

Continued from first page

What's Ahead for Business On the Economic Front?

before all the returns are in, tend to persist even though they may be only partly valid.

It may be that something of this kind has characterized the dominant theme of business comment of recent months. The theme has run somewhat along these lines. The 1950-53 boom, based primarily on expanding defense outlays, began to turn around in the middle of last year with a decline in the defense program. The overall business contraction, it is said, has taken the form primarily of an inventory adjustment. So far, it has not fed on itself in the sense of developing the cumulative characteristics of a serious depression. It is unlikely to do so because, among other things, there are no conspicuous speculative excesses, and the high level of liquid assets of both businesses and individuals will prevent a race for liquidity. Business and consumer outlays, if reasonably maintained, should gradually bring inventories back into line. The theme has gone on to state that after a decline of some minor amount, perhaps up to 7 or 8 per cent in the gross national product, the stage should be set for the resumption of better times. The turn-around, it has been generally expected, should occur in the middle or latter part of the current year. The up-turn then anticipated is generally thought of as the beginning of a new move forward to new heights of prosperity engendered by the needs of an expanding population.

These appear to be the essential features of the dominant pattern of thinking of recent months. It is an opinion still widely held. Certainly, there is some support for this position in the data of current business. Yet the theme is based on a number of presumptions that perhaps should be looked at more closely before the thesis can be accepted without qualification.

A Civilian Boom

The first presumption that requires a second look is a historical one. The high post-war prosperity that continued into the early 1950's certainly had a lot of war-induced motivation behind it. But it also had an even larger support from the civilian side of the economy. That is true of the period after Korea as well as before. From 1949 through 1952 the annual rate of consumer expenditures and private domestic investment, taken together, increased nearly twice as much as government outlays increased. In other words, it was a period during which all sectors of the economy were expanding, and in this expansion most war-induced civilian and business shortages were eliminated. Motor car registrations increased some 70 per cent from the end of the war through 1953. More new houses have been started in the 8 post-war years than were started in the 17 years preceding the war. In other words, the rate of house building has been about twice as fast. Business investment in plant and equipment during the 8 post-war years has run at an average constant dollar rate more than 2½ times larger than in the similar pre-war period. True, a part of this investment was undertaken under the defense program, but much of it is nevertheless now available for civilian production.

All of this activity in the civilian sector of the economy during the post-war boom is reflected in what happened to private debt. Corporate debt has increased more than 100%. Mortgage debt on urban dwellings has increased from about $20 billion to more than $60 billion, and consumer debt is more than 5 times as great as it was at the end of the war.

Expanding defense outlays after 1950 may have been a prime mover that kept the boom in full bloom, but the results of the boom —and this is the important thing in terms of appraising the future —has been substantial progress toward both replenishment and expansion of resources now held by both consumers and business. The productive and personal resources of our customers abroad have likewise been expanded, with the result that now their unsatisfied demand may not be as large as formerly.

These are conclusions that are given credence by the fact that, contrary to popular belief, it was not a decline in total government outlays that initiated the recent contraction in overall business activity. Spending for national security has declined slightly, but overall spending by government instrumentalities of all kinds actually increased in each successive quarter of 1953, reaching a peak in the last quarter. Total government outlays will show very little change in the current year from the peace-time record of last year—perhaps a reduction of less than $1 billion.

Not an Inventory Decline

The second presumption in the familiar theme of business analysis that warrants a closer look is the notion that, so far as the civilian sector of the economy is concerned, the decline since mid-1953 has been an inventory decline and very little else. The gross national product accounting tends to bear out this assignment of a primary role to inventory adjustment. Yet, it is interesting to note that business inventories, which did not reach their peak until October of 1953 —more than a quarter of a year after the down-turn in total business began—are now but $2 billion less than that record level. Moreover, there was no decline in business inventories during the three months that ended with February, 1954, which is the most recent data we have. Yet, the gradual decline in total activity continued during these three months.

The behavior of inventories has of course played an important role. It always does—perhaps the dominant role. It is not just a matter of a slowdown in the rate of change. The direction of inventory change has been reversed. Yet, there is danger of misinterpreting the present situation if the other components of the gross national product are not closely analyzed. Total construction has stayed high, but it has not increased at the same rate of increase that characterized the boom of the earlier 1950's. Expenditures for producer's durable equipment have likewise remained stable at high levels, but again the stimulation of expansion has been missing. The same holds true for personal consumption expenditures during the past year. In other words, the data seem to indicate that the nation's economy may have passed temporarily from a postwar period of replenishment and expansion, to a period that could last another year or two, during which replacement may provide the principal source of new demand.

This would not necessarily mean a weak economy growing weaker, but it does bring into question a third presumption that has appeared implicitly or explicitly in the familiar theme of comment about business. It is to the effect that when the turn-around does come, it will represent a new and sustained movement to new heights of prosperity. This turn-around has usually been placed in mid-summer, or perhaps in the fall of this year. It may be that this timing is still another presumption that needs examination. Opinion is beginning to veer to earlier dates. Perhaps the turn-around has already begun. We have had more than nine months of decline, which in the light of past experience is about as long as a direction of business change lasts without interruption. Seldom do markets go either persistently up without sinking spells, or down without rallies.

There is some evidence, scattered to be sure, but nevertheless encouraging, that the turn-around may have started a month or so ago. The automobile people have felt their market strengthen and are expecting a better second quarter than their first. Applications for jobless-pay have declined in many localities during recent months, even though the very latest figures again showed an increase. The rate of steel operations exhibits signs of stabilizing, and hopes are held for its even improving a bit. Scrap markets have been firmer. It is anticipated that commercial bank loans may expand unseasonably in the second quarter of the year. The National Association of Purchasing Agents expects a better second quarter than was experienced in the first. Even those who are working with the mysteries of leads and lags in economic indicator series are finding more signs of revival beginning to appear.

Temporary Improvement Only

With the coming of spring there seems to be a better feeling. Yet, unfortunately, when we look closely for elements of sustaining strength, there is no convincing evidence that the incipient revival will be more than an improvement of several months' duration. It could turn out to be merely a period of stability at present levels. It would be nice to think that our worries are behind us, or that they will shortly be behind us, but that is perhaps premature. It may be more realistic to regard the present prospect of improvement as a period of rally in a longer period of slack activity. If we are wrong, so much the better.

As the present stocks of usable articles in the hands of consumers wear out and as business assets are depreciated, and as the curve of family formation, which is now low, begins to increase a few years hence, new and dynamic sources of strength will reappear in the economy. It looks like we may get a clustering of new products in the years ahead also. In the meanwhile, unless there is a major change in international affairs or in domestic government policy, we may have to content ourselves with something less than a full-blown boom.

This raises a final question regarding the presumption in the present business discussion, namely, that government action, if the Administration wishes to take it, might be effective in making the situation better.

Perhaps there has been built up in the public mind, too great a confidence in the efficacy of government action. There are only a few things that can be done: the adoption of easier money and credit policies, the provision of subsidy for various kinds of activities, and the stimulation of an inflationary position through deliberate government deficits. Such deficits can be incurred either by increased expenditures, including public works, or by tax reductions, including those designed to stimulate consumer and business expenditures.

Something has already been done in each of these categories. An easy money policy was adopted coincident with the down-turn of business activity in the middle of last year. The terms of mortgage lending have been further relaxed. Reductions have been made both in personal income taxes and excise taxes, and the excess profits tax has lapsed. There has not been an overall expansion of public works expenditures, but states and municipalities have, with the encouragement of the Federal Government, offset federal reductions. Plans are afoot for further expansion by state and local authorities. The behavior of business, however, has not shown any precise chronological relationship to these various moves.

It may be that government action to be really effective would involve measures so drastic that they would be incompatible with the political philosophy of the present Administration. In the circumstances, it seems more probable that the course of business for the next several years will more or less go its own way, not entirely independently—yet not too much influenced by Federal Government measures.

Should Government Intervene?

There has been considerable debate as to whether the Federal Government should now take additional action to induce expansion of business activity. The answers to this question will probably never be entirely satisfactory to proponents of either side of the question. Some hold the view that anything less than a full utilization of all of the resources of production, particularly labor, is *prima facie* evidence of the need for government action of one kind or another. Others insist that such a formula condemns the nation to inflation in perpetuity, and in the long run cannot fail to have a debilitating effect upon our political institutions, as well as upon the mobility, flexibility and independence of business.

Proponents of more government action point out that we have not only a domestic obligation to maintain high prosperity, but as the leader of the free world, it is imperative to avoid the impact of business contraction in this country on our free neighbors. We are all familiar with the cliche heard so often in recent years, "When Uncle Sam catches cold, England and Western Europe get pneumonia." In reply, opponents of more government action point out that we have been in a contracting phase of activity for some nine months and contrary to popular expectations, England and Western Europe have been getting more gold and dollar exchange — not pneumonia. The western world is now closer to a balanced economic viability without international subsidy than at any time since the war. The question is even raised of whether some slack in the economies of nations may not be necessary to permit the flexibility and mobility that underlies essential economic adjustments among free countries.

By and large it seems to me that the opponents of additional government action at this time have much the better case. It has long been recognized among economists that the price of a growing and dynamic business world is occasional adjustment to bring the assignment of productive resources into alignment with the pattern of wants, and to spur the achievement of greater efficiency on the part of individual business operations. It may be that we are experiencing just that kind of an adjustment at present. There is a price to be sure. But if the adjustment should get no worse, or only slightly worse than it has so far—and if indeed it can achieve, a year or two, hence a new basis for a resumed expansion to still higher levels of prosperity throughout the western world—then the price in this case would have been a modest one.

With Norman F. Dacey

(Special to THE FINANCIAL CHRONICLE)

BRIDGEPORT, Conn. — Harold Adams has been added to the staff of Norman F. Dacey & Associates, 114 State Street.

With Paine, Webber Co.

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn. — James F. Brewer III has become associated with Paine, Webber, Jackson & Curtis, 111 Pearl Street.

Our Reporter's Report

Things began to look brighter in the investment market this week as underwriters found at least some segments among institutional investors more inclined to take a look at new issues coming to hand and those which had been lagging recently.

Pension fund buyers, notably those handling civil service funds for several states, broke away from the over-all institutional pack and came in as buyers of a couple of debt issues brought to market on Tuesday.

As an indication of the change that came about, it might be noted that a week ago it was difficult to interest these parties in Commonwealth Edison's first mortgage bonds, a triple A issue, on a 2.98% basis.

But this week they snapped up Wisconsin Electric Power Co.'s new 3¼s, a double A bond, brought out on a 3% basis. Again Cleveland Electric Illuminating Co.'s new issue priced for reoffering to yield 2.95%, reflected buying from these sources.

To top things off, Commonwealth Edison's new 3s came in for a revival of attention and buying was sufficient, according to informed sources, to exhaust the supply in the "pot."

It appeared that institutional buyers, who have been sitting on their hands for weeks and letting funds accumulate, have finally begun to take cognizance of the trend of things in the basic money market as indicated by the operations of the Treasury and the Federal Reserve.

Not Much Gravy

Spreads on some operations going through recently have been so thin that the actual net to the underwriter has not been much to write home about. Fact of the matter is that in some instances fees to legal counsel plus taxes, have more than matched those filtering down to the bankers who must distribute the issue.

In one recent instance it was noted that the spread between the price paid to the issuer and that fixed for reoffering figured out about $2.21 a bond. Against this it was calculated that legal fees and other expenses soaked up about $1.31 a bond, leaving net to the underwriter of around 90 cents a bond.

And, of an estimated total of around $13,100 for legal fees, taxes and other expenses, it was shown that the first mentioned two items took $7,150 and $5,000 respectively.

Breaking the Tie

It remained for the week's smallest corporate bond offering to arouse the major share of interest when the two top bidders wound up in a "dead-heat" on their initial try.

Montana Power Co.'s $6,000,000 of bonds brought identical bids of $102.261 for a 3⅛% coupon. There remained nothing for the company to do but suggest that the bankers try their hands again and time was extended several hours.

When the substitute bids were opened it developed that one had been raised five cents per $100 of bonds to 102.31 while the other had been lifted 1.5 cents to 102.276.

Consol. Ed's Offer Postponed

With the brisk flow of new issues reaching market this week cutting a deep swath in the forward calendar, Consolidated Edison Co.'s projected offering of $50,000,000 of new bonds loomed as the major piece of business ahead for next week. However, it has been postponed because of market conditions and no date has been set.

At least three large banking syndicates had been expected to compete for this issue on May 11.

It was to provide the issuer with funds for the redemption of $27,982,000 of first mortgage bonds of the New York Steam Corp., recently absorbed into the system, and $25,000,000 of general mortgage bonds of Westchester Lighting Co., a subsidiary.

Washington ... And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — At present officials of the Eisenhower Administration are working diligently to ready the details of the Administration's new metals and minerals price support program.

These details — but not too many of them — may be announced shortly. They may even be discussed in a general way with a Senate subcommittee some time in the next several days.

In its mission, the new metals and minerals price support program is closely analogous to the farm price support program. Its scarcely concealed objective is to buoy up the market for some 35 to 40 metals and minerals. Like the farm price support program, the new metals and minerals price support program will require the investment of Treasury funds in buying materials at depressed prices. Government money will be used to store these materials for long periods of time.

This new program all originated with the President's Minerals Policy Committee, which looked around for ways and means of alleviating the allegedly distressed condition of the domestic mining industry.

The President was persuaded to adopt the new scheme as an extension and elaboration of the existing strategic stockpile of critical raw materials. The present stockpile is a secret goal of some 76 key raw materials. With respect to each of these commodities the government endeavors to lay in a supply necessary in case of all-out war to take care of the minimum needs of the war and necessary civilian economy.

Tied to Stockpiling

Under the new program in place of the present minimum requirements of the strategic reserve there are established "new long-term mineral stockpile objectives." In other words, with respect to 35 or 40 metals and minerals, the stockpile goal will be "blown up" to make it possible for the government to buy and store an additional and secret quantity of such materials from time to time.

Whereas the strategic stockpile hitherto was confined to the specific objective of providing a minimum quantity of scarce and strategic materials needed in case war cut off these supplies, the new objective will be made primarily for the purpose of activating domestic productive capacity "and in other ways to alleviate distressed conditions in connection with domestic mineral industries that are important elements of the nation's mobilization base," according to the official announcement, which was largely overlooked at the time, except in the trade.

Whereas under the traditional stockpile program, the object was to acquire a minimum store of such materials regardless of where they could be obtained, the new program is pitched at acquiring these primarily from "distressed" domestic industry.

Contracts With Farm Supports

There are some notable differences, however, between the present statutory system of farm price supports and the projected metals support program of the Eisenhower Administration.

In the farm field, supports by and large are mandatory. Under the metals program, they are optional, and can be utilized when, as, and if officials judge they are necessary.

Farm supports are largely inflexible. The President is urging a more flexible schedule of such farm price supports.

Flexibility to an ideal extreme is what the President will have in the metals price support program. There is no rigid statutory formula determining at what point, after statisticians have made their calculations, the government must buy metals, as in the case of farm products. The government may buy at what price level it judges best, in what quantities it considers desirable, and may refrain from buying when it feels like it.

The farm price support program is founded upon statute. The metals price support program is founded upon an order from the White House.

The President if he were so minded could order metals prices supported as part of an "anti-cyclical program." Likewise, if any subordinate officials were to escape detection from the White House for attempting to do so, they could even use this program as a political tool, buying on the eve of elections, so as to create good will in metals-producing areas.

Is Totally Secret

Another contrast is that the metals support program operates in total secrecy. Except for a general directive to the General Services Administration (whose function is solely executive and not policy-making) naming the commodities and certain broad policies, nothing is revealed either before or after a metals buying program, either to the public or to Congress, except as the Administration might decide in its own judgment from time to time to reveal.

Under the strategic stockpile, to which the metals support program is tied, all that industry will be able to learn is that, after the fact, certain brokers acting for the government, have probably bought such and such quantities of metal at such and such a range of prices.

Neither Congress nor the public will be able ever to ascertain how much funds are tied up in metals price supports or what quantities of materials are on hand.

Misjudge Parity Vote Significance

It is believed that the significance of the Senate defeat of the proposed mandatory farm price support amendment to the wool bill has been over-emphasized.

The wool bill proposed that Congress pay wool growers a cash subsidy representing the differences between prices received and the computed parity price. It was to this bill that the amendment was offered in the Senate, and defeated, proposing to continue the mandatory price supports. This defeat has been interpreted as a victory for the White House drive for flexible supports or a wavering, in the face of White House opposition, of the advocates of the high supports.

Actually the entire Senate, it is said, had by the time of the vote got the word that the House Committee on Agriculture had determined it would NOT pass a separate wool bill even if mandatory price supports had been voted by the Senate.

It is the intention of the House Committee to write its own complete farm support revision bill, carrying a two-price system for some farm commodities, generally high supports, and many other features. The wool cash subsidy, an exact copy of the Brannan plan, will be incorporated in this bill.

Hence the Senate was merely chasing a chimera, and there was no point in administering a defeat to the President. If the wool bill stood a chance to be considered separately and to be sent to the White House for approval or veto, then a mandatory price support amendment would have had some point.

Actually the future of farm price supports will not be settled before the curtain is about to ring down on the 83rd Congress.

The House Committee is expected to work out a complete bill. The Senate Committee may come up with almost anything, for the Chairman, Senator George Aiken (R., Vt.) cannot command a majority of his committee for flexible props, and the true majority is high-support minded.

At present it appears as though the House will write one version of the legislation and the Senate quite a different one. If they can ever reconcile their various proposals — and this is not in sight for a couple of months—then they will present the White House with a bill.

If the two committees cannot agree, then the issue will resolve down to whether mandatory price supports as now constituted can be continued for another year or so, or whether the White House can stop this development, by a veto or otherwise.

Holds His Horse

George M. Humphrey, the Secretary of the Treasury, has a favorite horse. He even sent to England to have pictures of this horse transmitted on to buttons which he had sewn onto his waistcoat.

Contrary to some intelligence, Mr. Humphrey did not fall off his horse. Like all good horsemen, the Secretary of the Treasury does not fall off horses, But if a horse falls, its rider cannot perforce escape falling with it.

George M. Humphrey, the Secretary of the Treasury, has a favorite "horse" in public affairs which he rides with zeal and enthusiasm. This is the ideological horse of a balanced budget and sound money. This particular horse seems to be stumbling, but likewise in this case, Mr. Humphrey has not fallen off.

[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

"Mr. Broadbottom—regarding that list of your liquid assets you asked me to make up—do you want me to put the two bottles of rye in your desk drawer on it?"

Business Man's Bookshelf

Acquisition of Corporate Funds at Capital Gain Rates—Wilbur H. Friedman and Gerald Silvert—Matthew Bender & Co., Inc., Albany 1, N. Y. (paper).

Children in Court — Helen W. Puner—Public Affairs Committee, Incorporated, 22 East 38th Street, New York 16, N. Y. (paper) 25c.

Jobs or Jobless Pay—Chamber of Commerce of the United States, Washington 6, D. C. (paper) $2.00 (quantity prices on request).

Pension and Profit Sharing Provisions of Proposed Internal Revenue Code of 1954 (H. R. 8300): Testimony before the Senate Finance Committee, by Meyer M. Goldstein—Pension Planning Company, 260 Madison Avenue, New York 16, N. Y. (paper).

Prices, Income and Public Policy —Clark Lee Allen, James M. Buchanan and Marshall R. Colberg—McGraw-Hill Book Company, Inc., 330 West 42nd Street, New York 36, N. Y. (cloth), $5.00.

Regulations Issued by Switzerland Regarding Its Payments With Various Countries — 7th Supplement—Bank for International Settlements, Basle, Switzerland (paper) Sw. fcs. 65 (complete work in two volumes, including regulations no longer in force, Sw. fcs. 85).

Trends in Consumer Finance — M. R. Neifeld—Mack Publishing Company, Easton, Pa. (cloth).

With First California

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—James W. Murphy has been added to the staff of the First California Company, 300 Montgomery Street, members of the San Francisco Stock Exchange. He was formerly with Merrill Lynch, Pierce, Fenner & Beane.

Two With Walston Co.

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—Ralph W. Olson and George O. Thomas have been added to the staff of Walston & Co., 625 Broadway. Mr. Thomas was previously with Davies & Co.

Joins Reynolds Staff

(Special to THE FINANCIAL CHRONICLE)

SAN MATEO, Calif.—Francis R. Little has become connected with Reynolds & Co., 100 Benjamin Franklin Court.