The Textile Revolution
by A.W. Zelomex
Economist and President International Statistical Bureau, Inc.

"Holding "we are now at the tail-end of the 1953-54 liquidation in textiles and apparel," Mr. Zelomex lists as reasons for his belief: (1) excess inventories have been reduced; (2) normal coverage for consumer needs cannot be deferred much longer; (3) textile prices are reasonable, and (4) new fibers and fabrics will help sales. Says low in the general business picture has reached a point where it may be expected in a few months. Lists as reasons for reduced dollar volume of apparel sales: (1) the weather, and (2) the trend toward less dressy garments. Reviews developments in the textile revolution and economic factors that have affected apparel industry.

A. W. Zelomex

MY outlook for the textile industry has been described as a conservative-optimistic outlook. I wish to state that I believe we are now at the tail-end of the 1953-54 liquidation in textiles and apparel. This applies to production, demand, and prices in the woven and worsted industry and in the cotton industry. I believe it also applies to man-made synthetics, although here the time of the upturn may deviate slightly from that of the rest of the industry because of the rapidly changing character of the synthetic industry. The important point to be made in regard to all branches of the textile-industry is that the worst has already been seen. I'd like to summarize briefly the reasoning that lies behind my prediction, first, in terms of the industry itself and then in terms of business in general. I shall then go on to develop my reasoning for you.

(1) A primary factor behind the decline in your industry is...

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A. W. Zelomex

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The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from 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.)

MELVIN FELS


Interprovincial Pipe Line Company

Canadian refineries have sufficiently outstripped the refining capacity of the United States, to the extent of requiring another similar establishment. The completion of the new line from Superior to Edmonton, by the end of the year, will increase the capacity of the line from Superior to Edmonton by 900,000 barrels a day! (At the time of its completion, the new line will be 1,700 miles long.)

Canada is already the largest producer of crude oil in the world, with a production of over 11,000,000,000 barrels a year. The principal producing areas are in the provinces of Alberta, Saskatchewan, and Labrador. The Canadian government has been actively promoting the development of the oil industry in these provinces, and has invested heavily in pipelines and other infrastructure. The new pipeline, when completed, will provide an additional transportation route to the United States, and is expected to boost the demand for Canadian crude oil. The pipeline is scheduled to be completed in late 2023, and is expected to transport crude oil from the western provinces of Canada to the United States.

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Partner, Stanley Heller & Co., New York City.

This Week's Forum Participants and Their Selections


Hennessy Sons & Co., New York City. (Page 22)

A large potential demand appears to lie in the central United States market, with a particular focus on the Toledo and Cleveland regions. It is anticipated that the new line will increase the potential demand for crude oil to 1,000,000 barrels a day. Another notable supply of crude is the Williston Basin of North Dakota and Montana, which would likely be a potential target for Canadian production. The new line would provide a competitive advantage, as it is expected to have a lower capacity than the existing pipelines in the United States. The new pipeline is expected to generate significant profits for the Canadian government, as well as for the companies involved in its construction and operation. The new line is expected to be operational by the end of 2023, with a capacity of 1,000,000 barrels a day. The construction of the new pipeline is expected to generate significant employment opportunities in the region, as well as to boost the regional economy. The new pipeline is expected to be a major contributor to the economic growth of the region, and is anticipated to have a significant impact on the development of the western provinces of Canada.
What Do You Think?

Additional Commentaries on "Full Employment & Its Dangers"

Another group of letters to Editor given today in connection with the views expressed by Dr. Carl Wiessgeld in paper published in "Chronicle" of April 8. Dr. Wiessgeld presented a thorough analysis of the economic implications of the full-employment program as the "Employment Act of 1946" and contended that while full employment "at any price might be good politics for short time," it would turn U. S. into a regimented and totally weakened economic system.

We present below some more of the letters received in connection with Dr. Carl Wiessgeld's paper "Full Employment & Its Dangers" which appeared in the Chronicle of April 8. The Chronicle had previously received considerable correspondence on the economic implications and consequences of the full-employment philosophy of government presented in the "Employment Act of 1946." For this reason, we were very pleased to have been able to include a number of Wiessgeld's comprehensive analysis of the subject and decided to carry our columns to any one who desired to express his views on Dr. Wiessgeld's paper in particular or on any related phases of the full-employment philosophy.

The letters previously published as well as those given today, in our view, constitute an important contribution to a more thorough understanding of the subject on a broad scale. We hope to now have not received the considerable attention it merits.

EDITOR

HON. ARTHUR LARSON

Under Secretary of Labor

Dr. Wiessgeld's article, the President has endorsed the principle of the Full Employment Act of 46 on several occasions, notably on June 1, 1963, in submitting to Congress the Reorganization Plan No. 9 which reorganized the Council of Economic Advisers. I suggest that the President's Economic Report to Congress, his Budget Message, and his legislative program and the daily actions of the Administration in conducting its affairs are such as to help the free, private, competitive enterprise system realize its fullest potential.

I am convinced, however, that the American people want and deserve high levels of employment and living wages and an ever-rising standard of living. I believe, with the President, that these objectives cannot be achieved without adequate recognition of our freedom, our solvency or our economic system.

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Importance of Steel Industry
And Its Obligation to Investors

By ERNST T. WEIR
Chairman of the Board, National Steel Corporation

Prominent steel executive, in stressing importance of steel in economic progress, points out its responsibility not only for supporting the future cost of products, but for being prepared to cover unpredictable increases in those requirements. Calls attention to contributions made by steel industry in improvement of manufacturing methods and reduction in costs. Holds, however, in relations with the investing public, steel industry managers have not perceived and met their obligations. Cites relatively low average earnings of steel companies, and points out steel industry must be a private industry and obtain capital for its expansion needs, steel management must recognize obligations to reward investors.

Is the steel industry important? Of course it is. What would the country do for its automobiles, railroads, ships, skyscrapers, homes, appliances, containers and the many other products and facilities in which steel serves every one every day? One can hardly think of a modern product that is not dependent, in some way, on steel. If steel is not the material of which it is made, we may be sure that steel enters into its production and distribution in many ways.

The universal application of steel in modern life demonstrates the importance of the steel industry in an economy organized by everybody. But in this talk I want to emphasize the importance of some other aspects of the industry which are not so generally recognized and one in particular, which, in my opinion, has not been adequately recognized within the industry itself.

The steel industry is an essential part of the foundation for the structure — on which our economy is based. There is no substitute for its production. The industry must be prepared to supply whatever requirement may exist for its products currently. In addition, it must always be prepared to cover unpredictable increases in those requirements, up to and including the demands of national emergencies. This state of preparedness must include not only the provision and maintenance of facilities for the making of steel, but also an awareness of the need for finishing that steel into the full range of products but also must provide complete assurance of a continuing supply of sufficient raw material.

Obligations of the Steel Industry

This obligation of the steel industry to be constantly prepared is in keeping with a public trust. Management in the steel industry has accorded it and has acted accordingly. There has never been a steel industry that has been progres¬sive in the past back because this industry was short-sighted or over-cautious in its provision of sufficient raw materials, plants and equipment to meet the steel requirements of the country. The entire history of the industry has been one of continuous expansion which, in most cases, has fully anticipated future needs.

The only real steel shortage in the industry's experience was that one developed after the war, which was certainly a highly abnormal condition. And in view of the inventory situations of many steel consumers today there is a reasonable question that the shortage was ever as serious as it may have seemed during that period.

The steel industry is important in another way that is not generally recognized. That is the contribution which the industry makes to the improvement of manufacturing methods and to end products of all sorts. Naturali¬ly, we cannot start the improvement in the final product. Usually, it is not in the steel produces that make the product possible.

As we know, it has been the constant and successful aim of the industry to develop better and more versatile steel at the lowest possible cost. It is because of this effort that, the number of types of steel available to the automotive industry has increased from 11 in 1910 to 102 distinct types of steel in more than 1,000 varieties today. This is just an example of a great many in in¬dustry today. The steel industry's ability to improve its product as a raw material is matched by its ability to improve new products and improved production methods. It is one of the steel industry's greatest achievements, and has had other beneficial effects on the entire American economy.

Research and product development continually improve the steel products in the steel industry on a larger scale than has ever been known in the past. This is no question that it is on the increase. A substantial percentage of employment in the steel industry is devoted to this kind. We are conducting this research in the laboratories, in the plants and in the steel research institutions.

Frequently, research starts with studies of the end product so that in our production—from raw materials on if necessary—we can always recognize that particular product. In this way we also recognize and put an obligation to serve steel consumers and the public.

The steel industry recognizes its obligations to employees. Its concern for the welfare of its entire steel industry, and all other employee benefit. No industry can claim a longer, more complete and more intelligent program to improve safety and working conditions. Every effort is made to sustain employment on as steady a basis as possible.

The steel industry recognizes its obligations to communities. Steel consumers recognize this today in the cities and towns in which they sell their products. They do not support and participate in all worthwhile community undertakings.

The Investor Has Been Neglected

In all of these respects the steel industry, in its management—has conducted itself with an understanding and dependability that is due to the basic importance of the industry, but there is one relationship—extremely vital one—in which the industry has not received and met its obligation. That is the relationship of the steel industry to the investor.

The history of steel has never been one of a lack of understanding on the part of the investor. We have always regarded the steel industry with doubt and mistrusting this steel has been our penalty. Steel has not been enough to make the investment demand. They have not sold at a profit. They have only sold not today even though they stand at levels somewhat higher than it.

I do not know of any other industry that is required to have so much investment behind each unit of production as the steel industry does. All of the facilities needed to produce a ton of steel in ingot form amounts to a minimum of $200.

Last Thursday (May 20) taking the average of the 10 largest steel companies, continued on page 32

The Next Heat of Steel

By CLIFFORD F. HODD
President, United States Steel Corporation

After citing rapid growth of the American Steel industry, Mr. Hodd discusses metallurgical and human problems ahead for the industry. Stresses need of improved employee relations and further training of personnel. He suggests that a new ingredient which will be significant in the next heat of steel is research and technology, and refers to several possible solutions that may be offered by improved coordination of research in the steel industry, in preserving private enterprise by rendering a service in hopes of making a profit, but must also keep opportunity open to further this aim. Calls for better understanding of our national requirements. He adds that, in general, things should be better.

For many years, I have con¬ sidered it quite an honor to be a member of this institution and to be associated with all of you in the great job that is steel. The steel industry is a growing industry. It makes one feel that he is one of the founding fathers of the industry.

Clifford F. Hodd

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The Commercial and Financial Chronicle...Thursday, June 3, 1954

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of steel are limited only by our vision and our willingness to work intensely, enthusiastically and effectively.

Of course, a sound mind and body are essential to this process of producing efficient production, and, from its cumulative savings, the steel industry has contributed mightily as a whole in steelmaking. Regardless of our magnificent output, we must continue to measure our safety progress, the job nearly 99.9 percent of the time. We must maintain this excellence one. During the past seven weeks, while our output has been increasing, the accident rates have actually declined. But of greater importance is the continuing reduction in the number of potentially dangerous defects, a condition which demonstrates that we are making good business.-

The volume of sales in the industry is said to have increased, along with the ultimate production of steel, beyond all previous expectations, but as the industry grows, it finds itself in a most serious bind. In the face of growing production and a demand for steel, the industry is finding itself confronted with a labor shortage.

It is recognized that we have had valuable assistance from a number of people and agencies in achieving this safety progress, but the most important fact that stands out in my mind is the work of the National Safety Council, a splendid and responsible leadership of Ned Dearborn. It would be next to impossible to establish a program of this magnitude with any measure of gain if this organization has given, and I want to express my appreciation for their understanding and cooperation that support public safety.

New Vistas—New Opportunities

It is said that there is a revolution going on in steelmaking which will play an increasingly significant role in the quality of steel. This is true, and we should endeavor to understand the situation. There is a large body of facts and figures that indicate that steelmaking is changing. We are beginning to see a new kind of steelmaking, a kind of steelmaking that is more efficient in almost every way. Steel is being produced more efficiently, and the resulting steel is being produced in a much more efficient manner. Steel is being produced in a much more efficient manner.

In the past, steel was produced by melting steel in a furnace and then pouring it into a mold. This process was slow and inefficient. Today, steel is produced by a continuous casting process, which is much faster and produces steel with a higher quality. This is just one example of how steelmaking is changing. There are many other ways in which steelmaking is changing, and we should be aware of these changes.

Observations...

By A. Wilfred May

Stock Selection With Less Inhibition

In this space last week we cited the concentration in the Blue Chip stocks by the various classes of experts who act in a fiduciary capacity, as motivated by the "legitimization" of possible subsequent less.

Consistent with our conclusion, although определно differently, we now offer the investing experience of the New York State Savings banks, which for the past two years has been investing in a relatively small number of common stocks. For their investing agents, far less conscious of the public scrutiny and consequent worry over guilt factors than are other categories of fiduciaries, have manifested considerable less inhibition in pursuit of the popular issues. They are undoubtedly influenced by the realization that the audience watching the flea-bowl in which they function is a far more sophisticated one than, for example, that vast public which has been sold portfolios by the army of door- selling representatives of the mutual funds.

The Stock Selection Record

The resulting less inhibition is evidenced in the actual record of the Institutional Investors Mutual Fund, Inc., through which investment company, exclusively owned by over one-half of the State's savings banks, the banks get into equity investment (some of them also buying stocks directly). This management fund's report for the last quarter, as well as the next two months, may have been more moderately below the 'like 1935 period. Manufacturers' bookings in April experienced some pickup over March, but lagged behind shipments.

It further notes, that factory hiring in April sank to the lowest rate for the month since 1930 when the Government started coding such data. Layoffs ran at the highest April rate in five years—slightly above the March pace.

Consumer purchases made through installment credit in creased 54 million in March from February. The outstanding extended up $90,000,000 during the month, the Federal Reserve Board's survey showed. This compared with a similar rise in April, 1933. But it reversed the trend in the first three months of the year when outstanding for this time of year would be $200,000,000 less.

The April gain, offsetts into housekeeping, should be a healthy vehicle whose sales have suffered because consumers have been spending mostly for houses, land and furniture.

Retailers say consumers are stepping up their orders to keep from getting caught with their inventories down in event of a strike, as Chicago's closed steel plants indicated two weeks, this week.

So far this strike-hedge buying is only a minor part of the market. But it has increased noticeably since management and union members in Chicago have been "package"ing of demands ever presented. And it will grow further when it finds that the strike is not a "campaign theme," says this magazine.

No effective buying was noticed first in template several weeks ago. Since then some automotive buyers have started building their sheet and strips inventories from 30 to 45 days. And various other steel buyers are now showing awakened concern over their supplies.

If this is evidenced by requests to move up some scheduled orders for quicker delivery; repeat orders quicker than had been expected; and a changing attitude of some buyers toward steel salesmen.

Still, individual orders are small and even protective buying is given a close scrutiny, to the advantage of the trade.

Oil country girders and structural steel are still the better sellers in the competitive market and probably the only products left in the inventory. Improvement has recently been noted in plates and girders of this type.

Steel producers, who have been waging an uphill struggle for business, are not inclined to look a gift horse in the mouth; they'll take all the business they can get. They have hung on the dying horse, and now it is very sensitive to new business, this might edge the operations in 1830 to 20,000,000, says this magazine.

Wage negotiations, it notes, may dominate the steel picture for at least the next month. Contractors will soon be impressed with the potential threat to their supplies when management makes any modesty counter offer to the huge union demands. How much the market tightens will depend on how fast the Union will accept the pay offer.

A wage agreement is reached without a strike you can look for a moderate softening of the market during the summer. This would be followed by a pickup in the last quarter, this trade further notes.

Dividend payments are the production of oil is being pared 5% during June., "Ward's Automotive Reports," stated on Friday of last week.

The reduction, which is the first so far this year, calls for a quarterly rate of 4,250,000 against 4,250,000 in May, 5,244 in April and 2,570 in March.

The report said that because of June's two additional working days the month's output schedule is up to 51,000 cars from 49,000 during May.

The June program, the statistical agency added, gives the industry its third-best January-June in history. The 51,000 is expected only by July of 1933 and the same period of 1950 and 1951, both virtually tied at 3,100,000.

"Ward's" said that its Petro-Canada was scheduled last week, representatives of the American Oil States May 22.

The total was divided 54% General Motors, 30.9% Ford Motor Co., 11.9% Chrysler Corp. and brought a new 5% year-over-year rise in national sales. Total sales for the year was 2,038,000 cars for the total.

Reflecting lack of saturation, vehicle output the past week was up to 2,011,000 from 140,204 trucks and cars from the month high of 148,245 established in the previous week.

The sahle of new cars has set 1,190,000 a month.

The decline last week was entirely in cars, truck assembly holding to a consistent 22,000 unit pace which netted an estimated 29,000 jobs in May.

The reporting service added, however, that the short work

Continued on page 29

Continued on page 29
The Administration's Tax Philosophy

By DAVID M. KENNEDY
Assistant to the Secretary of the Treasury

Treasu:y official, in pointing out the two-fold policy of tax reduction and revision of tax laws, calls the attention to the respective need for additional Federal borrowing which makes it "absolutely necessary for Congress to increase the debt limit." Says aim is to extend material benefits to individuals when it can be done without hurting themselves. Refers to current easy money and low interest rates, and asserts "confidence in the dollar has returned."

The Administration's tax philosophy is (1) cut expected reductions in the proportion of taxes as rapidly as justified by reduction of Government expenditure, and (2) revision of existing tax code to provide wide ranging tax relief from hardships and inequities, and longest relief to those which present the greatest danger to the growth of taxes on the part of the country's business.

Substantial cuts in Government spending have made possible total net reductions for this year of $7.4 billion, including the tax reduction bill now before Congress (the Smathers Bill). This is the total dollar reduction in tax payments made in any year in history.

Individual income taxes were reduced by $3.1 billion and excise taxes by $2.5 billion. The new provisions of the tax revision bill, reductions in excise taxes will further individual income taxes by about $800 million. If we assume that one billion dollar reduction in excise taxes will be passed along to consumers, individuals would receive a total benefit of tax reductions this year of nearly $3 billion. Corporations will receive tax reductions and elimination through elimination of the excess profits tax.

As Government spending is reduced further, the amount of money saved should be returned to the people through a tax cut. This is in the form of additional tax cuts. This tax cut will not increase the cost to the taxpayer and will not add to the budget surplus.

In addition to the provisions made in the Social Security Act, the Administration is also considering other ideas, such as an income tax reduction.

The Administration's tax philosophy is that it is important to stimulate economic activity by making tax cuts available to all income classes.

Further tax reduction must necessarily wait until further reductions in Government spending can be passed along to the taxpayers.

Government spending is continuing to cut budget expenditure. The budget for the fiscal year ending June 30 will be reduced by about $12 billion less than the budget for the current fiscal year. These cuts are consistent with the Administration's belief that the budget has already been reduced to the point where it can no longer be cut without damaging the economy.

The Administration's tax philosophy is that further reductions in Government spending must be made in order to continue to stimulate economic activity.

Flanigan, Magrane, Dillon, Read, V.P.s.

Federico H. Brandt, President of Dillon, Read & Co., Inc., 46 Wall St., N.Y., today announced the election of Peter Flanigan and John S. Magrane as Vice-President of the firm.

Mr. Flanigan has been connected with Dillon, Read & Co. since September, 1947, except for periods of military service, and has been in the middle of which time served as Commissions and Department of the Treasury. He is a graduate of the Harvard College and the Harvard Business School. He is currently employed by the Department of Commerce. Mr. Magrane has been with the Department of Commerce since 1931, and has been with the Office of the Coordinator of Maritime Affairs.

I wonder how many of you realize that the tax reduction and the public employees' retirement funds will add up to approximately $9 billion, and during the ensuing twelve-month period, these funds will add an additional $9 billion of assets.

At the percentage rate of growth which they are at now, $1.4 billion will be available for investment during the following year. It is, therefore, easy to understand why public employees' retirement funds have recently taken an important place among corporate and institutional investors in our nation, and their expansion from year to year is even more significant in the future.

Public retirement funds are small but very important. When compared to the assets of public and private pension and savings funds, which are now twice as large as the total of public funds, public retirement funds have four times more money invested in each year than the public pension funds. Comparing public funds to savings banks, both public and private, we find that savings banks have only 49% more money invested in them annually, and that their $27.0 billion of assets are three times the size of public funds.

Much of the information in this report comes from a survey of public employees' retirement policies of public funds was obtained from the contributions of the Municipal Finance Officers Association bulletin, "A Survey of Public Employees' Retirement Policies on the Subject of Investments." The information for that survey was based on 127 questionnaires that were answered by 148 questionnaires mailed. However, only 125 of the replies were received and deemed sufficiently complete and comparable to be included in the survey. This project is the most comprehensive study ever undertaken to measure how public pension funds and the tabulated results should be of tremendous assistance to those of you who are concerned with public pension management.

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At the percentage rate of growth which they are at now, $1.4 billion will be available for investment during the following year. It is, therefore, easy to understand why public employees' retirement funds have recently taken an important place among corporate and institutional investors in our nation, and their expansion from year to year is even more significant in the future.

Public retirement funds are small but very important. When compared to the assets of public and private pension and savings funds, which are now twice as large as the total of public funds, public retirement funds have four times more money invested in each year than the public pension funds. Comparing public funds to savings banks, both public and private, we find that savings banks have only 49% more money invested in them annually, and that their $27.0 billion of assets are three times the size of public funds.

Much of the information in this report comes from a survey of public employees' retirement policies of public funds was obtained from the contributions of the Municipal Finance Officers Association bulletin, "A Survey of Public Employees' Retirement Policies on the Subject of Investments." The information for that survey was based on 127 questionnaires that were answered by 148 questionnaires mailed. However, only 125 of the replies were received and deemed sufficiently complete and comparable to be included in the survey. This project is the most comprehensive study ever undertaken to measure how public pension funds and the tabulated results should be of tremendous assistance to those of you who are concerned with public pension management.

Mr. Flanigan has been connected with Dillon, Read & Co. since September, 1947, except for periods of military service, and has been in the middle of which time served as Commissions and Department of the Treasury. He is a graduate of the Harvard College and the Harvard Business School. He is currently employed by the Department of Commerce. Mr. Magrane has been with the Department of Commerce since 1931, and has been with the Office of the Coordinator of Maritime Affairs.

The Administration's tax philosophy is that it is important to stimulate economic activity by making tax cuts available to all income classes.
NEW ISSUES

$30,000,000
Los Angeles City School District
Los Angeles City High School District
Los Angeles County, California

2½% Bonds, Election 1952, Series C

Due July 1, 1955-75, incl.


These bonds, to be issued under the provisions of Division 3, Chapter 17, California Education Code, for various school purposes, comprise separate issues of two distinct districts. The bonds of each issue in the opinion of counsel will constitute the legal and binding obligations of the issuing district and will be payable, both principal and interest, from ad valorem taxes which, under the laws now enforced, may be levied without limitation as to rate or amount upon all of the taxable property, except certain personal property, in the issuing districts.

This bond is offered when, and if issued and sold by us with the approval of the City of Los Angeles, California.

J. A. Christen & Co.

June 0, 1954

Issued, Amounts, Maturities and Yields or Prices

<table>
<thead>
<tr>
<th>School District</th>
<th>Date Due</th>
<th>Amount</th>
<th>Maturity</th>
<th>Yield</th>
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<tr>
<td>Los Angeles City School District</td>
<td>1955</td>
<td>$30,000,000</td>
<td>2½%</td>
<td>2.35%</td>
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<td>Los Angeles City High School District</td>
<td>1936</td>
<td>$30,000,000</td>
<td>2½%</td>
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Bank of America N. T. & S. A.
The Chase National Bank
The City National Bank
Banham Trust Company
Harris Trust and Savings Bank
Hartley & Co.

American Trust Company
of Chicago
Continental Illinois National Bank and Trust Company
The First National Bank of Chicago

Savings Bank of California
Equitable Securities Corporation
Barnes, Shores & Co.

The First National Bank
of Los Angeles

First National Bank
of Portland

First National Bank
of Portland

Security First National Bank
of Los Angeles

Lee & Co.

First National Bank
of Van Nuys

Security First National Bank
of Los Angeles

First National Bank
of Van Nuys

Security First National Bank
of Los Angeles

Staats & Co.

First National Bank
of Portland

Security First National Bank
of Los Angeles

Staats & Co.

First National Bank
of Portland

Security First National Bank
of Los Angeles

Staats & Co.

First National Bank
of Portland

Security First National Bank
of Los Angeles

Staats & Co.
COMING EVENTS
In Investment Field

June 4, 1954 (Baltimore, Md.) Bond Club, annual outing and golf tournament at the Elkridge Club.

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

June 4, 1954 (New York City) Bond Club of New York 20th annual field day at the Sleepy Hollow Country Club, Scarborough, N. Y.


June 5-12, 1954 (Canada) Investment Dealers Association of Canada Annual Convention at Jasper Park Lodge.

June 10, 1954 (Chicago, III.) Investment Analysts Society of Chicago annual meeting.

June 11, 1954 (Los Angeles, Calif.) Bond Club of Los Angeles annual field day at the Wiltshire 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 16-17, 1954 (Minneapolis, Minn.) Twin City Bond Club annual picnic cocktail party, Hotel Nicollet, June 16; field day and golf outing at White Bear Yacht Club, June 17.

June 17, 1954 (Minneapolis, Minn.) Twin City Bond Club 33rd annual outing White Bear Yacht Club. Preceded by a cocktail party June 16 at the Nicollet Hotel.

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

June 18, 1954 (New York City) "Syndicates" 58th anniversary and outing at West Lake Country Club, Westfield, N. J.


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

NOMURA SECURITIES CO., LTD.

H. TROSTLE, TRESNER & CO.

Dealers-Broker Investment Recommendations & Literature

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

Annul Energy—Discussion in current issue of "Gleanings"—Frances I. du Pont & Co. 1 Wall Street, New York 5, N. Y. Also in the same issue is a group of selected Portfolios. The firm also has a list of stocks which appear to be bargains in the current phase.

Bond Market—Analysis—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.


Fire & Casualty Insurance Earnings—Annual Comparisons—Laird, Bisell & Meeds, 120 Broadway, New York 5, N. Y.


Issues For Appreciation—Discussion of ten issues—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

New York City Bank Stocks—Analysis—Laird, Bisell & 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., 44 Front Street, New York 4, N. Y.


Public Utility Common Stocks—Comparative figures—A. B. Sexton & Co., Inc., 90 Pine Street, New York 5, N. Y.


Rail With Appreciation Possibilities—Discussion of five issues—Cohn & Co., 1 Wall Street, New York 5, N. Y.

American Machine & Metals—Memorandum—McDonnell & Co., 120 Broadway, New York 5, N. Y. Also available are immedesata on Columbia Broadcasting System and Southern Production Co.

Associated Dry Goods Corp.—Analysis—J. A. Hingle & Co. 50 Broadway, New York 4, N. Y. Also in the same circular are data on American Smelling and Flunklock Company.

Continental Oil Company—Analysis—H. Heute & Co., 20 Beaver Street, New York 4, N. Y. In the same Bulletin are analyses of Pure Oil Company and Standard Oil of Ohio.


Jahre Steel Company—Analysis—Bond, Richman & Co., 37 Wall Street, New York 5, N. Y.


Mississippi Valley Gas Company—Analysis—Equitable Security Corporation, 322 Union Street, Nashville, Tenn.


H. TROSTLE, TRESNER & CO.

HA 2- 2490
74 Trinity Place, New York 6, N. Y.
NY 1- 276

Notes

NOMURA SECURITIES CO., LTD.

Member N.A.S.D.

We are pleased to announce that

JOHN P. GERMAIN

has joined our Organization

as of June 1, 1954

continued on page 43
Of Mines and Porcupines
By IRA U. COLEIGH
Enterprise Economist

A metallic look at a couple of companies distinguished by the possession of money, management, metal ore and metal shares.

It has become quite fashionable to point out that our paper currency is but the bullwarks of investment safety and that under many conditions many trusts go so far as to provide three- and four-dollared securities as a means of hailing their friends for arriving at the market. Others stress the security of a metal bond, confined to a much smaller corporate order, while a few individualistic souls have achieved quite decent results by directing their dough exclusively into a single enterprise as exemplified by the trusts of Mr. Woolworth, Mr. Ford, Mr. Chrysler and Mr. Rockefeller.

Today, however, we'll take the middle road and examine briefly two companies whose corporate primary interests are in minerals, but whose share offers a more to resemble investment trusts than what we define as a security. Here's the chart portraying a distinguished metallic luster.

Newmont Mining Corp.
The first of the removed development and trust organizations in Newmont Mining Corp., 2,653,230 common shares (0.0 capitalization) are listed NYSE and sold today around $5.

In both metals and oils, Newmont has a long-time slice of some very interesting companies, in Canada, particularly in the United States, South America, and South Africa. Let's take a look at those metals. Newmont owns a big equity in two rather unpronounceable companies—58.3% of Oskijee Copper Ltd., and 28.5% of Tenprole, probably the nickel and zinc ore.

These two South African holdings, together and as a total, make up 69% of Newmont's dividend in take in 1953.

For the individual holdings, of market and dividend significance, are 33.3% of Northern Combustion, 27,300 shares of Kennecott Copper Corp., 1,400 shares of St. Joseph Lead Co., 9,000 shares of its own right, and in a particularly favorable position (partly due to government stockpiling program for lead and silver and current rising prices of same), 219,670 shares of Magna Copper (with a vast increase in production potential from its new Arizona operation). Then Newmont has a very special situation in its 25% interest in Smith-Gordon, a nickel and copper producing venture which began early this year.

Among the realizations, the front of Sherritt-Gordon, borders on the territory of the new Kennecott. If you follow, and give credence to the actual situation (as of analysts), the future of Sherritt-Gordon borders on the ultimate development of Newmont and Newmont is in a position to change the present if the mining here lives up to its billing. Newmont has not, as a grub stake, but a great deal of it, 1,122,160 shares of common and 10,000 shares of preferred of Sherritt-Gordon. The share situation is clear.

The conversion price is $2.50 and the marked tab on Sherritt is $4. When Sherritt's converted, after assuming conversion, NEWM will own 25,794,132 shares of Sherritt equity.

Moving from metals to petroleum, NEWM has 5,600 shares of Continental Petroleum, 2,984 shares of El Paso Natural Gas, surely one of the blondest of the pipe lines, and a real bundle ($552,000) of Continental Oil, itself a distinguished integrated oil enterprise. There's fair finding oil, and a big acreage for oil in the future, but the same hiding places (thick oil) of its holdings in Hudson's Bay Oil & Gas). The Continental shares, although they've been bought by the corporation, are less 5.4% of outstanding common.

Moreover, Newmont has invested in a nickel mining company in which NEWM has lodged $16 million of its own equity. This company, although quite a fancy, has been thrown off with competent partners—Magnolia Nickel, another legal name for Newmont. Shell oil drilling in the Louisiana tidelands over a 25,000-acre stretch. So far they've brought in nine wells from one salt dome and with each week a new well has been brought in another well. It's too early to be sure, but some time in the next few months we must have a place. Each nickel ton retails $2,50, roughly a 4.4% yield. When you consider the number of tonnage and total balance sheets you have, to work on in many Canadian operations, and then consider this solidly financed trust, with its enormous countries in metal and oil that gives you the sensation of a metal and oil carioing a diverse and horizontal speculative call, virtually without cost.

McIntyre Porcupine Mines, Ltd.
Next we move to McIntyre Porcupine Mines, Ltd. The porcupine here is not an animal, but a golden geographical location in Ontario—"McIntyre Porcupine" is a piece with a quillip. MP, (the mining company incorporated) was set out as a gold mine and a copper producer. For the year ended 3/31/54, gold and silver production was $292,000,000 million and Emergency Assistance added $580,000 more to operating profits. Gold revenue was $71,535, which wasn't too good, but for the first time in 40 years, the mine was operated in the black, and this even from Sept. 23, 1953 till Jan. 15, 1954. It was settled by a five cent per hour wage increase. In the fiscal year ended 3/31/54, total millings were reduced by about 50%.

Estimated gold ore reserves are about 25,000 tons (one-third of an ounce to the ton). Lower level development between 6,000 and 6,500 feet has revealed on showings comparable with those of the Manengez terrace ore and the capacity of the McIntyre ore body to deliver upwards 200,000 ounces a year of gold a year well demonstrated. Of course, an unappealing world's price of gold from $35 to say, $50 a fine, and the setup would have a drastic effect. But no one really expects to remain out of the future for long.

Finally, in McIntyre, the tail was not lost in the sawdust (or porcupine). For company mining the 3,800,000 tons of the $2.50 consolidated net income contained $244,300 for the year. The rest, $2,50, stemmed from dividends and interest on the portfolio of assorted securities we'd like to mention. These were carried at $100,000, but had a market value (3/23/54) of $144,200. They include 100,000 shares of Apatites; 23,132 of American Metals; 5,000 shares of of the two principals, widely known for their treasury circles on the West Coast.

They have conducted a general investment practice dealing in all types of investments, including Government and municipal bonds and stocks and mutual investment companies.

Wire connections with eastern correspondents will provide prompt access to all principals on trading markets and the major sources of financial news and information.

The members of the new organization have a background of long experience in banking and investments in the Northwest.

Melvin J. Scoville, President of the new firm, was ten years with the investment firm of Concord, Bruce & Co., and formerly was a trust officer of the Seattle branch of the Bank of California and associated with the bank for over 20 years. He was President of the Seattle chapter American Institute of Banking, 1932-33; President of the Seattle Trust Officers Association, 1937-38; and active for many years in civic and community affairs.

Martin O. Nelson, Vice-President and Treasurer, has been associated with the Seattle branch of World War II, is a graduate of the University of Washington, a former member of the University Alumni Association and is active in civic and community affairs.

Ernie E. Rolfe, who will represent the acquiring company, has had over 20 years experience in banking; 20 years in the investment field, and a major role in the World War II, is a graduate of the University of Washington, a former member of the University Alumni Association and is active in civic and community affairs.

Nelson, Scoville Co., Inc.
Nelson, Scoville Co., Inc., a new trust company organized, has been added to the jointTrusts of Seattle, White, Building, 9th floor, and has been a member of the National Association of Securities Dealers and has experience and established practices.

Martin O. Nelson Melvin J. Scoville

Customers' Brokers to Hold Meeting June 17

The next quarterly meeting of the Association of Customers' Brokers will be held on Thursday, June 17th. Nine members of the 1953 Nominating Committee will present a slate of officers and Executive Committee members at the September meeting. The following brokers will be elected by the 1953 Nominating Committee, headed by Gerald L. Whitfield, Hall & Garrett, Co., Chairman, and Paul S. Morton, Peter P. McDermott & Co., Secretary.


Cocktails "on the club" will follow the business meeting, which is scheduled for 4 p.m. at Whyte's Permanent Club, 145 Fulton Street. For those who want to carry on the discussion of the membership lot to exist in this form, an informal "11 a.m. Cocktails" will be held at the Post Office Club, 145 Water Street, for round-table discussions on those personal interests — "Favorite Stocks" and "The Average."
Public Pension Fund Investment Problems

By RUDOLF SMUTNY
Senior Partner, Salomon Bros. &...
How Much Should I Allocate to Advertising?

By HAROLD W. LEWIS

Vice-President, First National Bank, Chicago, Ill.
Treasurer, Financial Public Relations Association

Mr. Lewis outlines basic problems in allocation of advertising expenditures, and lays down as conditions affecting advertising expenses: (1) your competition; (2) how management regards value of advertising; (3) the classification of advertising expense; (4) the condition of general business; and (5) an adequate budget for a successful advertising job.

The advertising appropriation is only the first step in the budgeting process. The budget—foreground—on which all advertising is built. An advertising appropriation spread too thin can cost more than the campaign planned initially. A larger appropriation terminated too soon cannot be utilized to its best advantage.

Conversely, a low appropriation can be augmented by the savings from a well-planned and a poor advertising program presented. A man with a small appropriation, for example, may have nothing but a simple statement, which if he has to give much more thought to and must be carried out, whereas a man with a large appropriation may think of quantity rather than quality. If you hope to find the dollar and cents answer this question as involved in your advertising appropriation you may have to find out how your colleagues are doing because neither I nor anyone else can break down such a large appropriation into its constituent parts. You can point out to some of the methods used to arrive at a percentage of the size of the advertising appropriation. Here are the most important procedures with a brief explanation.

(1) The Advertising’s Past Experience. This procedure is the one most generally followed by banks. As a basis for the above, some sort of a budget will be used. In determining the size of this budget, it is sometimes found that advertising over a period of years in extent and amount have come to the conclusion in advertising for the future that they have flexibility. By flexibility we mean the practice of setting aside an additional reserve appropriation to take care of any contingencies. For example, if your bank might be faced with competition from a new bank or a new financial institution and you might desire to step up your advertising programs in the line of business. If you have a fixed appropriation you might desire to keep your advertising cost down, you might want to put yourselves in a position where you can have adequate funds.

As part of your advertising expense flexibility it is wise to review your advertising program for the coming year, month by month, and probably more often in such a situation. There may be some portions of your advertising that are not doing as effectively a job as you would like and your attention can be directed to that in order to recover attention, and you may find that by advertising in this true light, as a producer of extra services for your bank.

(2) A Percentage of Past Year’s Expense. This system is recommended by bankers for the use of their corporate customers, the members of which also have advertising down in a recession. This system does not consider any expenditures but expenditures must be reduced and carefully watched. This may result in erroneous thinking; because more, not less, advertising probably should be the rule when times are tough. This method seems applicable to any company except of markets and the fact that advertising creates sales.

(3) The Advertising’s Task: The technique employed in following the line of thought with a budget, the greater the task, the bigger the advertising appropriation that is needed to fulfill the seller’s need; (c) the nature of the task determined in section (b). The choosing of different types of advertisements suitable for which appear able to accomplish the purpose successfully.

(4) Using Last Year’s Actual Expenditures as a Basis for a Flexible Reserve for Advertising: Companies having experience...

This advertisement is neither an offer to sell nor a solicitation of an offer to buy these securities. The offer is made only by the Prospectus.

1,000,000 Shares
Scudder Fund of Canada Ltd.

Common Shares

(per share $0.20 per share)

Price $32 per Share*

*Prices for single transactions of less than 1,000 shares. Prices are quoted down for single transactions involving greater numbers of shares.

Copies of the Prospectus may be obtained in any State only from such of the several Underwriters, including the underwriter, as may lawfully offer the securities in such State.

LEHMAN BROTHERS

June 3, 1954.

[An image of a newspaper page with a text block, likely discussing financial matters.]
Is New York Declining As A Banking Center? 

BY WILLIAM A. LYON

Superintendent of Banks, State of New York

Supt. Lyon discusses why banks have been moving out of New York and states that a number of factors are responsible for New York's present situation.

If you look at deposit figures, you will see that our New York banks now have a smaller percentage of the bank deposits of the country than they had 14 years ago.

In 1928, New York’s banks held 37.3% of the nation’s total deposits, while in 1940, 1941, and 1942, New York’s share was only 24.1%, 25.3%, and 23.9%, respectively.

Corporation Trust Co. is hearing a lot of moans from some city bankers about why they should keep their funds out from New York depositaries to bank in another city. Our duties are not getting any lighter.

The Inflow of Capital from Europe

Let me add another important reason why New York’s portion of the nation’s total deposits is continuously on the ebb. Europeans are moving their funds to banks in the United States to keep them out of Europe.

There is certainly no falling off in the foreign representative men... but there are experienced bankers in the country who are not in themselves great financiers.

The tide is ebbing in the West, and there is a pronounced movement of funds in Europe to take refuge in New York. The flow is strong enough to be felt in our banks; and that is why we have been losing deposits in the last three years.

Our banks have also a number of important clients in Europe which are engaged in activities that are likely to bring a flow of money into the public's savings is less than it has been for some time.

New York’s banking experience during the World War II has made a difference in the country, and not only from the standpoint of the federal government, but also for banks which have had to make a greater percentage of their profits from banking.

In conclusion, I want to show that the difference in the earnings and profits of New York banks and those of other banks is not only due to the city’s financial position, but also due to the fact that New York banks have a larger percentage of the nation’s deposits.

The Earnings of New York Banks

When I say that the alarms are well founded, I do not mean that there are no problems anywhere. In fact, I think that conditions in the New York banks are better than they have been in recent years.

Let the demand for commercial paper diminish and business make for de-
Monetary Policy’s New Look

BY R. SHEHRAM ADAMS

Deputy Manager in Charge of Monetary Policy American Bankers Association

Mr. Adams recounts monetary developments since the Federal Reserve Act was passed, during which time there were alterations to the Federal Reserve Act and the Federal Reserve Board, and a later policy aimed at easy money conditions. Discussion question whether monetary policy is doomed and will never again be successful. It is considered that the present policy is based on the loose dependence of the Federal Reserve. Monetary policy cannot be an isolated operation, since it has become the direct concern of the Federal Reserve and the need for easing of money rates should appear, agreement, nevertheless, no major points.

Since 1950, monetary policy has been acquiring a new look. Events have shown that this is due to the fact that the 1930's saw a fundamental change in the approach to monetary policy and that the result of this change is a more flexible and more responsive to the economy. The changes that have occurred in monetary policy have been the result of a growing realization that monetary policy must be a part of a broader economic policy.

Varying in importance and degree of acceptance, this new approach to monetary policy is evident in the current debate over the design of a new economic policy. It is important for bankers to recognize the role of monetary management in the economy. The following paragraphs will discuss some of the major changes that have occurred in monetary policy in recent years.

The Accord and After

From the outbreak of the Korean War until the spring of 1952, the Federal Reserve sought to prevent excessive increase in the money supply in order to combat the threat of inflation. The question of how to draw this boundary was being debated during this period.

If one is to agree to the contention that at least through 1952, the Federal Reserve policy was well conceived and executed, it is true that the Federal Reserve-Treasury accord of 1952 was a landmark in monetary history. The abandonment of the parity for government bonds paved the way for the recurrence of monetary policy as an active instrument of economic policy.

During 1950-52, credit tightened moderately and interest rates were generally firm. Official support in the government securities market was great. Member banks were forced to borrow at the discount window and Reserve Banks to obtain the additional reserves that institutions found."
**Our Foreign Economic Policy**

By HARRY A. BULLIS

Chairman of the Board, General Mills, Inc.

Prominent industrialist, commenting on need of a definite economic foreign policy, points out foreign trade is a two-way street, and has not merely a commercial but also a political value, as a quick and effective way in which we stand in foreign trade, and outlines President Eisenhower's program, which he supports. Deplores trade and tariff restrictions which result in the routine export of our goods. Sees need of enlarging East-West trade and calls for a general return to convertible currency.

This afternoon I'd like to discuss a vitally important international problem—but discuss it in a business way. For no matter how many languages are spoken or how many different currencies are involved, we are quite the contending countries and the economic differences are real.

I'm going to outline what I think is the foreign economic program of this country's foreign economic program is like those very large and familiar objects that we see every so often to plague us in our dreams.

What we have to decide in our American family conference is what we are going to do in our relations with our foreign trade. Ever since the end of the Second World War, we've been helping the rest of the world in various ways. We have been asked to answer "yes" or "no" quickly to most of the money and material requests we shall continue to carry in the same way or adopt the new procedure promised by President Eisenhower.

Fundamental Points

To begin by asking that question it might be well for us to recall certain fundamental viewpoints relative to foreign trade which we are inclined to forget when we are discussing the more particular industries or commodities. For example, we are now told that trade is a two-sided affair. It helps both the seller and the buyer and generates free trade, which is the world's only real currency and is the primary means by which we can realize our economic opening.

A second fundamental which we should bear in mind is that the importance of foreign trade has a new meaning to us here, not merely a commercial meaning but also a political and military meaning. Some of our allies have found it difficult to maintain the military outlays required for our foreign trade which were instituted by our foreign friends. I might say here that our foreign policy was always considered to be greatly replaced with giving others the opportunity to buy our military equipment, this process being called "off-shore procurement," which amounted to three and a half billion dollars in fiscal 1953.

The third point which we should bear in mind is that with numerous countries—Europe, for example, France, Belgium, and Japan—are foreign trade which are not free. We have taken full stock of this fact.
June Graduates

By ROGER W. BARSON

Commenting on changed employment conditions, because of the development of electronics, Mr. Bahson holds, though employers will always need help, they will require the individual judgment of graduates.

Says he enjoys young people who are to graduate this week.

Labor leaders have forced employers to resort to unprecedented research. This research is teaching employers that they can get on without routine work.

This should be a warning to those now graduating who are to enter high school or college.

The development of electronics furnishes the basis of modern automatic machines. Simple illustration in the "electric age," which opens doors in the correct time without any help from you.

Your illustration is the "economy changer and turner on our phono- gram, reducing the automatic stopping of the machine. The cost complications are "missiles" which chase and catch an airplane without any human direction.

The typical sanegs of today could become obsolete. She could be supplied by "self-service" counters, 20% by push button devices such as those which I have previously referred, and 10% by highly-paid, trained salesmen and clerks who secure their employ with an annual salary in excess of $3,000. Such qualifications are not to be good salesmen, they are selling in its infancy, with a marvelous possibilities for those who properly train therewith.

I Forecast That this Change means:

(1) Manual and routine labor will gradually become obsolete.

(2) New and better training for less work.

(3) The pay increases will go, to be computerized and paid by computerized people.

(4) The great U. S. problem will be to raise prices for our own people.

(5) I am advising young men to become export machines, instead of lawyers; trained outside salesmen, instead of inside pencil pushers; and after graduation this June, to attend night school in preparation for the NEW AGE.

Roger W. Bahson

N. Y. Security Dealers

Elect Trustees

The New York Security Dealers Association has elected Herbert Singer, Singer, Bean & Mackie, 60 Broad Street, as president; Charles H. Trustees of the Gravity Fund, to fill the vacancy caused by the death of Harry Callum, Jr.

With G. H. Walker & Co.

HARTFORD, Conn.—Karam S. Jemens, at the moment associated with G. H. Walker & Co., 111 Pearl Street. He was previously with Brainard, Judah & Co.

These Notes have been placed privately by the organizer.

Roger W. Bahson

Emerson Radio & Phonograph Corporation

Promissory Notes, Due May 1, 1969

F. ERBSTADT & CO. INC.

June 1, 1954
Industrial shares continued this week to push their reading to the highest level in a quarter century. The general ground and the fact that the market has climbed to the 233-330 area which is all that technical and secondary studies had indicated for this swing. The long-held heralded reaction continued to fail and indeed ended, for the candle, and the 70-old point climb in a few short months after the lows of last September comes close to being something of a record swing without any corrections worthy of the name.

Some individual issues showed all the earmarks of a buying climax, with what pinpoint demand hiccups enough to add a handful of points to their value, in some cases amounting to a 10% or better improvement. As the speculative runup in heavy issues runs out, only the industrials and smaller issues adding up and specific news to account for it.

Large blocks of individual stocks were also being liquidated steadily, many of them via normal trading although a few speculative and secondary offerings were noted. In the latter category was 187,791 shares of Merrill-Chapman & Scudder. The other anomalies of recent note, Packard, on rumors of a merger with Wrigley, put out a stop order and an issue adding up and handling in any specific news to account for it.

Two Strong Seaboard

In some of the cases of sudden activity, the reasons became apparent this week in cluding the 3.01 split proposal in Seaboard Oil which followed several weeks during which the issue was quoted at the side of strength. It is the first split for this issue which, available as high as $62, has now reached $44, had climbed to three times that level by the time the split was announced. By comparison, the main performer was something of a namesake, Seaboard Air Line Railroad. But here the motif was much different. The recent upward trend which has become some what expected of this company since payments have been increased annually since 1948. Seaboard fared better than most rails although Union Pacific, aided by a relatively good earnings statement, was up on an above average performance for a carrier. Here again major support was set back because it had been widely expected that once the rails built up enough steam to breach the 1954 high of 103, the assault on the 1952 and 1953 highs in the 112 bracket would be automatic. But the list spent more than a week walloping a couple of points under the sign a la automaker with the intention of confirming the industrial "bull" swing. Some of the April profit reports have revealed that the roads are getting expenses under control and improving their earnings at a time when the market has been in the fact range. So few of the analysts gave up hope of a confirming move while reviving the wonder.

Waning Leadership

The leadership lately, too, has been a shade less perfect. This is in keeping with the signs the stock has shown for as a signal of the final phase of a bull swing. While the so-called secondary issues have become more prominent, there have been few speculative excesses and buying. Large blocks of shares have concentrated on some observers call the light blue chips.

In the aircrafts the leadership also passed most of the way, but the major ones such as North American Aviation and Grumman, the latter finally moving into position to make its 1952 high, which makes it something of a lag in spite of other issues having earlier this year. But while these issues fared well, the "standard" leaders, the re far from being bashed, were able to put some spirited moves to show that they are far from out of the picture. And the key to the coincidence, the fact that the latter started out the week with a strong one, in any event gains an eighth short of two points each.

Oil as a group were far from spectacular and it was pretty much left to individual situations like Seaboard to show the trade. The division had been shaken a bit with Washington talk of cutting depletion allowances somewhat, but didn't return to popularity with any gusto when such plans were spiked. Ritchfield and Gulf were the latter in the list, of course, showed definite signs of easiness at times. Jersey Standard Oil, however, succeeded in keeping up to the 90 bracket for an all-time mark.

New Status for the Steels

Steels turned a little bit agitated after their recent general improvement but in their case the new issue, incidentally during market softness shows evidence of a new investment status a lot of odds with their gains. The mostyc of the cycl of all the boom-and-bust segments of the American economy. Their ability to keep up profits even when the operating rate recently dropped below 70% and even a look at all the dour estimates of the immediate postwar period when statisticians were try ing to stretch the economy out, would result at anything short of 85%.

The utilities continued quietly to earn favorable investment attention in a calm fashion without any sudden outbreaks except for Panhandle Eastern Pipe Line, the erratic man of the stand nearly had a hit recent by slip but it still proceeds a price better than the best in recent order as well as drop in 1949. Utility issues that have doubled in price in that time are the exception rather than the rule.

American Telephone had its moment of indecision lately after a major drop, probably from the informational section of investors. The old high of 1947 of 107 was broken, however, hasn't been in any jeopardy in the runups. The better than 5% yield, against "growth" stock of more than 3% return aren't especially isn't as enticing as better opportunities elsewhere for capital gains. The ability, which is included in the Dow Jones averages, which says prices are the market, definitely recommends the non-uniformity of the averages.

Continued large-scale construction and the glowing estimates of the total building starts to be achieved this year will keep the new issues in moderate demand. Lehi Portlar and General Portl and both made the new highs in a couple of months. For both it was a story of all-time high recordings.

From Washington

The Head of the News

By CARLISLE BARGERON

Scientists may be supermen and not subject to the rules of society as we know it, but they have been claimed as the advent of the atomic age, but happenings over at the Atomic Energy Commission seem to indicate that in many ways they are plain human beings. Apparently they have their jealousies, their pettyimonies, and in the same way they may be expected to act on the supposition that their bit of the rest of mankind.

This sudden, and as some say unprepared, awakening of major trust guarded is in the house of politics which is just about the most destructible of human institutions. It is difficult to tell if it doesn't turn out that the general public will be snared in the web of secrecy, but in the meantime the scientists are peddling tales on their fellow citizens, if nothing more, and this is a widespread Washington custom of feeding stories to gossip columnists. They are applying smear. Not having access to the closely protected offices in the AEC or even to its marble larded corridors, my information is necessarily sparse and I am continued to put together the bits of gossip which come to me, gossip which appears in the left wing columns, tracing its source and coming up with some sort of a pattern as to what is happening. What seems to be happening is that there is a move on after Chairman C. Glenn Smiley on the nucleus of the commission and of the subcommittees. They are after his scalp because he has been sitting like a stone and not doing anything.

I am sure that the merits and demerits of the Oppenheimer case are over my head and I have been perfectly content to let it be settled by the eminent men who are handling it. I might take a shot at it, but put over the fact that the man is a scientist and the point is not whether he ever went to the country as a whole. Here is an organization that has been given billions of dollars by the government and perhaps majority of the appropriation committees of Congress have only a vague, if any at all, understanding of what the Atomic Energy Commission is and what it does. The appropriations committees have not yet grown as a power to match the power of the other government agencies does not pry into the affairs of the AEC. Everything it does, every penny it spends is for the public good. There is a joint Congressionin committee which is supposed to keep an eye on what the AEC is doing, every penny of what it is doing, which is slightly more than the general public. They are informed to the extent of the occasional committee meetings of foreboding and secrets but that is about as far as they know.

Thus, for men charged with the responsibility and confidence given to them by their countrymen to be engaging in the wrangling and backbiting and the peddling of gossip against their colleagues in the same manner that the regular run of government agencies do, is a very serious thing. We are told that these men hoist the powers of life or death over all civilization. To picture one of them talking to a gossip columnist in a back alley, figuratively speaking, is disturbing.

Chairman Smail has somehow conducted himself with the dignity beffiting his office. In the first place he never made public and let slip a single word concerning the Oppenheimer case. He made no public statement as to whether Oppenheimer was taking place. The good doctor did this himself.

The stories now of dissentions and of the cartoonist practices and the secretaries of the chairman are not coming from him. He is keeping a discreet silence and the result is that not a pretty picture is getting around. It is my impression circulating that he is jealous of Oppenheimer; that he is a Hoover reactionary, that he is very much the man whose presence is felt on the hill after World War I. The fact that the men serving with and under him were being planted with stories about the philosophical stand of these men as men who are on the power they hold. They are not supermen at all, Indeed, in this endeavor, they are not even unusual men. They are being engaged and seemingly are the best of the bureaucrats who every time they have an office on the floor in the to a sympathetic gossip columnist. It is a situation that to my mind should be looked into and looked into promptly.

Bechtel Director

J. P. Morgan & Co.

Henry C. Alexander, President of J. P. Morgan & Co., announced that Mr. Stephen D. Bechtel, Jr. of San Francisco, is joining the firm as Director of the Bank. Mr. Bechtel is President of Bechtel Corporation with headquarters in San Francisco and is chief executive officer of various Bechtel affiliated domestic and international construction organizations.

He is also a member of the Executive Committee of the Stanford Research Institute, and a member of the Advisory Board of the School of Engineering and the School of Business at the University of California. As a member of the President's War II, Mr. Bechtel was Chairman of the Board of California Shipbuilding Corporation and a Director of Mariposa Corporation.

E. J. Gannon III With

Shearson, Hammill

DALLAS, Tex. — Shearson, Hammill & Co., members of the New York Stock Exchange and other leading banking and brokerage houses, announced today that E. J. Gannon III has become associated with their Dallas office, Fidelity Union Life Building.
It is our belief that when we buy an FHA loan or a GI loan, we are buying not only the FHA loan in the conventional sense of the popular phrase but, because we are assuming, as a practical matter, that no lender in his right mind would make a loan with only 5% or 10% down, or 100% loan without a substantial guarantee, we are investing in the security of the Government and the VA, respectively.

When the National Life Insurance Company first entered the field of FHA and GI loans, it represented a real departure for us as it did for other lenders. As an insurer, we must confess, a little time must have been taken to orient ourselves to this new pattern of investment. But as time has gone on, we have become thoroughly accustomed to these loans, and we may rely almost entirely upon the strength of the FHA and VA guarantee, particularly when the latter guarantee is taken in connection with the former loan. This is because the guarantee of principal and interest on FHA and GI loans is subject to the contract of insurance by FHA and VA, respectively. These guarantees are by expression terms of the Act, as changed by the constitutional obligations of the United States Government, which obligations for credit purposes are of equal binding effect with the obligation expressed in a government-guaranteed mortgage.

As a matter of fact, we go so far as to say that we believe we are willing to buy such loans solely on the guarantee provided we have a reasonable expectation of good credit standing on the paper. This attitude of ours toward FHA and GI loans has increased our returns. We believe that the lending institution, if it will extend the loans and increase its returns, will be enabled to lend under the FHA and GI guaranties. Unless we are willing to accept this guarantee in good faith and at face value, it behooves us to be less critical of government-guaranteed loans and to be more willing to rely upon FHA insurance and GI guaranties, because the same thing is occurring in the field of private finance, if that is the term by which we mean to express our willingness to give its investment. It is necessary for us to be willing to accept this guarantee in good faith and at face value, so that we may be more willing to do business in this field.

These statements may seem a bit extravagant in the light of some recent developments. However, it should be emphasized that at no point has any suggestion been made that the FHA and GI loans are not good investments or that the guarantee is not adequate, but that they are, in effect, Gill-edged regardless of what might be said of the investment in an occasional loan. The insurance of principal and interest on the mortgage is subject to the ability of the mortgagee to obtain debentures guaranteed as to principal and interest by the United States Government provide an in-

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Wahlert, White Join McDonald, Evans Co.

Oswald, S. W., 

New Issue

Offered as a Speculation

1,250,000 shares

LIGHT METALS REFINING CORPORATION

COMMON STOCK

par value $10 per share

Light Metals Refining Corporation was formed to develop under license the newly patented high intensity arc process for refining aluminum and other light metals.

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May 13, 1934

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The Struggle for Sound Money

By WILLIAM H. NEAL
Senior Vice-President
Wachovia Bank and Trust Company, Winston-Salem, N. C.

Referring to recent discussions regarding money as a public trust, above the heads of average people, Southern banker defines money as the kind that will buy approximately the same today as in the future. Says sound money is what our bankers, our Congressmen, and our politicians are working to preserve. Advocates renewed vigorous support to the United States Savings Bond Program.

Money is big news these days. It is the topic of a news program one night and of a nationwide public attention. Columnists, commentators, politicians, Governors and Presidents speak about it and a lot of just plain people are talking about it. It is a subject of discussions, its value, its uses, and its abuses.

As bankers, we are tremendously interested in this discussion because money is not only everybody’s business, it is our business. Most prominently so.

Some of the discussion is complicated, some of it is distorted, and some of it is unwarranted. I believe that bankers as a group should work to help clear up the confusion, to correct some of the misconceptions, and to take a bold and courageous stand in support of sound money.

All sorts of terms are being used with respect to money, terms such as hard money, easy money, tight money, honest money, and sound money. These terms are useful, but confusing to a lot of people.

For example? Sound money is the kind of money that will buy approximately the same today as in the future. If sound money is used for long enough, one can consider it as a public trust. We should be willing to keep saving and make available the money that you can depend on, not the one that will be worth less in the future. It is money on which future plans can be based with confidence.

We are among the few to realize how valuable our national growth is. Sound money is required as an incentive for saving, which is the source of the new capital investment upon which our economic growth depends. Without confidence in the future, with the kind of money people other will either save less or not at all. However, if this principle is true, then optimists will keep saving and make possible new capital investments on which we depend. It is possible that the future will be better and the production of more and better goods will provide more fruitful life for all.

But you ask, “What can I do as an individual?” You may be an organization of bankers do that?

There is something we can do—something everyone of the nation’s 15,000 banks and every banking association in the country—banks can do. It is not new. But it is needed.

It is to ask our customers to do three things in their daily life—do their part in keeping our banks healthy.

1. Join the National Savings Bank Movement. We can assure you that the Banks Bankers Movement is a good thing.

2. Keep Savings Bonds at their present level. Unless the public becomes more interested, we cannot be successful.

3. Assure us that all banks will hold their bonds beyond maturity, as aggressive promotional effort will not be effective without nationwide support. Keep Savings Bonds holdings at their present level. Unless the public becomes interested, there is little hope for success.

A check for the $233,805,000 bond issue to finance construction of the new Main Street Courthouse was presented to the city council by Mayor H. E. Jules Backman, Professor of Economics, New York University School of Commerce, Accounts and Finance, told the Carpet Institute, meet¬ing in New York City, on May 3. told that the bond issue is needed because of the recent economic depression, which is revolutionizing American industry. The bond issue has been approved by the people of the city, and the bond issue will be used for the construction of the new court house.

Bonds Club Plans For 30th Field Day

On Friday, June 4, a good part of Wall Street will forget all about proxy fights, negotiated deals and competitive bidding, as members of the Bankers Club, New York head for the Sleepy Hollow Country Club at Scarsdale for the 30th annual field day.

The field day Committee, headed by John W. Dayton, Jr., announced yesterday that it had carded 700 guests to attend the annual field day.

The Golf Tournament open to all members, with 300 trophies at stake for low gross, net and match play against prize, plus a variety of individual prizes. Also a golf show by expert professionals, 'Swinging the Things' and a hole-in-one contest.

Tennis—Bill Talbert, Captain of the National Bank of Commerce, and Edward Moylan will play an exhibition. The game will be played by seven players, with pairs of winners of the Bankers Club Tournament in a special double exhibition.

Stock Exchange trading (Bond) Committee, Mr. Jules Backman, Chairman of the "Bawl Street Journal," the Chairman of the Bankers Club's Stock Steet, horseshoe pitching tournament, and exhibition.

Buffet supper, with music by the Band of the Bankers Club and entertainment by radio and television.
ness inventories and inventory
sales ratios are still high, judged by normal peacetime standards. It is far more likely
that inventory liquidation will continue well beyond the
level that the economy will be stimulated by a demand for in-
ternal accumulation."

Among the other negative fac-
tors, Dr. Backman notes that
the following: new orders in man-
ufacturing industries are still lower
than sales, a further decline in
agricultural income is likely below the
1929 level, and defense spending has
tended to continue to decline, and total business invest-
ment is headed lower.

Dr. Backman stated: "Thus far, only a relatively small dent has been
made toward repayment of the record amount of consumer debt outstanding.
At some later date, consumers may again be in a position to accelerate their con-
umption by borrowing heavily against future income. Currently, however, debt repayment is a sig-
ificant negative factor as it re-
lates not only to the purchase of new durable goods, but even to other forms of consumption which usu-
ally bow to the inevitable priority of payments of both principal and service costs on existing consumer
debts. Last year, consumers were spending more than their current income—without the difference at-
tributable to borrowing. This year, they are spending less than their current income—the differ-
ence represents repayments on Last year's loans."

"During the first quarter of 1954, wool carpet and rug pro-
ductions totaled 12.8 million square yards as compared with 20.4 mil-
lion in the corresponding period of 1933. This was a decline of 40%.
Production during that period was the lowest it has been during recent years. However, the continuation of high
level disposable income and the high level of new housing starts suggests that there is a market for a con-
siderable volume of carpet sales. Some improvement in the volume of carpet production and sales
should take place in the months ahead."

**IBA Approves Use of Photo Off-Sets of Bond Legal Opinions**

In resolution, adopted May 20, 1954, the Board of Governors of the Investment Bankers Association of America approved the use of copies of opinions prepared by municipal bond attorneys to reduce costs and possible errors in preparing duplicate copies.

On May 27, the Board of Gov-
ernors of the Investment Bankers Association of America, in a resolution adopted by the Board
on May 26th, in which it is rec-
ommended that municipal bond dealers and bankers use and ac-
cept photo off-sets of attorneys' opinions rendered on the legality of municipal bond issues. A copy of the
letter accompanying the trans-
smittal of the resolution states
that "The matter of providing copies of opinions as to the
legality of municipal bond issues has been of increasing concern both as to the accuracy of copies and the cost of preparing and furnishing such copies, especially in view of the increasing number of options required and in many cases the increasing size.

"The use of photo off-sets or like processes of such opinions will, we believe, contribute much in this regard. The matter has been carefully considered by the Municipal Forum of New York, by the Municipal Securities Committee of the I. B. A. and by the Board of Governors of that body." The text of the resolution follows:

"Whereas, the Municipal Forum
of New York, recognizing the time,
cost and possible errors involved in preparing copies of opinions aproving the legality of municipal bonds, recommends the use of photo off-sets of such opinions, and
"Whereas, it finds that the rec-
ommended procedure would as-
sure accuracy, be legally effective and result in substantial saving in time and cost in preparing such copies; new

"Therefore, Be It Resolved, That
the Board of Governors of the In-
vestment Bankers Association of
America recommends to its mem-
bers and to dealers generally the
use and acceptance of photo off-
sets of approving legal opinions or copies prepared through like pro-
ces where such reproductions have the approval of attorneys whose opinions are recognized to be nationally marketable."

Eleven million acres of prospective oil and gas lands in the United States and Canada—in addition to holdings in South America, Egypt, and the Middle East—are under lease or owned outright by

**Cities Service views one small corner of its vast estate...**

![Image of Cities Service view](image-url)
Banking During the Transition Period

By MARCUS NADLER* Professor of Finance, New York University

Pointing out we are experiencing a transition from an economic system based on credit instruments to an economy based on money and credit, the author argues that the development of new institutions is essential in order to achieve the goals of a more efficient and equitable economic system. He discusses the need for new financial intermediaries such as mutual banks, the importance of international capital markets, and the role of financial regulation in facilitating this transition. The author also examines the implications of this transition for the monetary and regulatory policies needed to ensure a smooth transition to a more modern financial system.

*An address by Dr. Nadler at the National Association of the New Jersey Bankers, Atlantic City, June 1, 1950.

The Commercial and Financial Chronicle. Thursday, June 3, 1954

Federal Reserve Bank of St. Louis
Digitized for FRASER

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In mortgages. In this connection the following facts should be borne in mind:

1. The so-called "soft" up-demand for homes has to a large extent been met. Home starts during the last two years have been four to five times the total number of family formations (20,000,000). This, however, has been more or less freely as before and prices partially reflect the fact that there has been no tendency to decline. Prospective buyers have become more willing to advance full price pressure to acquire homes irrespective of whether the costs of building a home is a thing of the past (as in 1925). The rate of interest is the same on owner-occupied and on mortgage-homes.

2. All these factors clearly indicate that the private sector, acting through conventional mortgages and housing developments, is not an appetizing field of investment. The appraisal of the part of the banks is even more important under present conditions and as an index of the rate of interest. The Government-insured and so-called "guaranteed" mortgages are, however, riskless assets for them on the credit side. The only real question is whether the current trend of the interest rate is going to be sustained.

The National Bank of Commerce, Inc., New York, has next to the important question of the short-term money supply. This is in line with Occidental California Bank's analysis of the short-term money market, a statement of facts that government and other investigators are already aware of. Even if short-term money rates remain at present levels, it is likely that changes in the interest rate will be reflected later in the long-term, mortgage rates.

The largest maturities (120 years) are now at more or less attractive levels. The main problem concerning the real estate and mortgage market will be to decide the minimum mortgage rate and the amount of money to be made available to mortgage-homes.

For many years now, the mortgage rate has been maintained at a level of 3% higher than the highest rate of any previous year. However, the short-term rate has not been affected by the Treasury bill "open market operations" of the monetary authorities, and there are indications that it will not be for quite some time to come, if at all. The fact that President Roosevelt of the Federal Reserve Bank of New York has been talking about "open market operations" being something other than the purchase of Treasury bills seems to be rather well in line with the intermediate and long-term Government market is acting.

Long Positions Exchanged

The mental makeup of the present mortgage market is such that dealers and traders are not interested in taking positions in anything but the shortest maturities. It is admitted, however, by most money market specialists that there is no feeling of bearishness in the Government market, nor are there any signs of liquidity preference coming back into the picture. These two factors are the forebears of the short-term maturities, which is not likely in the foreseeable future.

Nevertheless, it seems as though there will not be much of a change in this attitude of the trading floor, rather than through different or expanded open market operations or a change in reserve requirements of the deposit banks with time deposit requirements also being lowered along with the others.

Life Companies Selling on Balance

There are reports of sales being made by some of the larger life insurance companies, with the extending of maturities being the most important feature in those operations. There are also some dealings in the so-called "very big bonds" in the life insurance business have been sellers of the intermediate and long-term Government bonds in order to get funds which have been put into preferred stocks and private placements. It is indicated that these sales have not been too sizable but, because of the uncertain position of the market, they have had a marked effect upon prices from time to time.

Pension funds, mainly the public variety, continue to make purchases of the more distant Treasury issues, but in this case also, there has been a reduction in the amounts seeking investment and there is a greater tendency to go shopping before making commitments. There is a great deal of confusion on the sidelines, because it is reported that private placements will tend to keep them on the well invested side for the time being.

Commercial Banks Offset Loan Demand

Commercial banks, according to advice, have been among the important takers of the new 1% notes as well as the 3% of 1978/83. It is reported that these institutions have been taking new money into the 1's of 1978/83, although they have been some rather sharp declines in loans in certain of these areas. Savings banks have also been on some of the switching side, but the most important has been that the Federal Reserve Bank of Philadelphia has been reporting some in-roads as loan commitments. It is likely that these changes will be continued in the future, as the banks stop selling new loans.

In the "Financial Chronicle" of the New York Times, Mr. G. Isaacs had become associated with Shields & Company in Florence, S.C., and has since moved to the firm. Mr. Isaacs had formerly been connected with the firm of Lippincott & Company in their Norfolk office. We are informed that this was an error and as he had never been affiliated with the latter firm.
LETTER TO THE EDITOR:  
Differ With Admiral Ramsey  
On Silver Purchase Act

Ben Harrison, President, and Ben Redfield, Secretary of the  
SPOKANE STOCK EXCHANGE,  
Advise Admiral Ramsey in issue of the "Chronicle" of May 6, in  
which repeal of the Silver Purchase Act was advocated.  

The government should not encourage the purchase of silver at  
any price.  At the present time there is a demand for silver  
for many purposes and the government should meet this  
demand.  The government should buy silver at the current  
price and use it for silverware and other purposes.  The  
price of silver should be fixed by the market and not  
by the government.  The government should not interfere  
in the silver market.
LETTER TO THE EDITOR:

Burgess Statement an Argument For Return to Gold Standard?

Frederick G. Shall says continued confidence in the dollar requires immediate return to redeemable currency.

Editor, Commercial and Financial Chronicle

Burgess, Premier before the Subcommittee on Federal Reserve Matters of the Banking and Currency Committee of the Senate on Mar. 29, 1954, Mr. Arthur R. Small, Assistant Secretary of the Treasury, said:

"From the national standpoint, our nation until 1933, with interruptions in time of se¬

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ings and investments all depend on confidence that money will be available when needed. The fear that money will not be available is real and will not be dispelled by the Morgenthau Plan. This confidence is broken, the Administration has not been able to get back the confidence to the gold standard. We are therefore finding ourselves increasingly isolated from our natural political alliances if we do not accept the fact that the nations of the world must trade with us on a dollar basis. Mr. McCarthy notwithstanding, Japan, for example, cannot long trade on an exchange rate that is 25% off track such trade.

Burgess concluded that "Although at this time it is unfor¬

tuneful to operate with the gold standard, it is only in the long run. The statutes which authorized the introduction of paper money and the fact that the 1925 Republican Administration failed to return our currency to gold in response. Essentially the human will to fail is for all of its diversity. It is far more in its heart that unites it than divides it."
Pressure for Sterling Convertibility

By PAUL EINZIG

Commenting on the widespread opposition, both in Britain and in the United States, to the proposal for convertibility, Mr. Einziger, who is in favor of it, holds in some ways, Britain's position today is distinctly less favorable for a return to convertibility than it was in 1947. Contends when most civilized countries had a special position exposed to shocks, because the burden of maintaining convertibility of other European countries, and this burden is being shared today.

LONDON, Eng.—The last few weeks witnessed a revival of the agitation in favor of an early restoration of sterling convertibility. Mr. Einziger, who is in favor of it, holds in some ways, Britain's position today is distinctly less favorable for a return to convertibility than it was in 1947. Contends when most civilized countries had a special position exposed to shocks, because the burden of maintaining convertibility of other European countries, and this burden is being shared today.

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But the funded debt of the Corporation is held in the United States. There are no indications of any increasing willingness on the part of American opinion to accept payment in that country. He therefore takes a firm position in favor of convertibility. Mr. Einziger, who is in favor of it, holds in some ways, Britain's position today is distinctly less favorable for a return to convertibility than it was in 1947. Contends when most civilized countries had a special position exposed to shocks, because the burden of maintaining convertibility of other European countries, and this burden is being shared today.

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The Next Heat of Steel

e of our research laboratories, are bringing to the market opportunities for the use of our products. The greater use of steel in construction means greater opportunities for us. Steel, wall capable of withstand ing fires and extremes of temperature, is vital to the plastic of our existing steel and to the production of our rapidly expanding population. The opportunities of the steel industry for the future are enormous. No other industry faces such an uncertain future as is the steel industry.

The steel industry is a national defense industry and is necessary to our security. We cannot afford to be without steel, and we cannot afford to have the steel industry lose its position as a major factor in the economy of the nation.

In conclusion, I believe that the future of the steel industry is bright. We have the resources and the ability to meet the challenges of the future. With the right management and the willingness to take risks, we can continue to grow and be a major factor in the economy of the nation.

We cannot afford to be complacent. We must continue to invest in new technologies and production processes to maintain our position as a leader in the steel industry. We must also be mindful of the environmental impact of our operations and work to minimize our footprint on the planet.

In summary, the future of the steel industry is bright. With the right management and investments, we can continue to meet the demands of our customers and contribute to the economic growth of the nation.
Continued from first page

**Productivity, Competition And Dollar Shortage**

American Aid ($7 billion in 1953, presumably $7 billion in 1954, etc.) is a cash anchor; so are last summer's good crops and last winter's huge cotton crop. But this is the proof of the pudding. Improvement of the dollar position, reform of exchange and domestic controls can only be achieved if the United States gets first place out of capital flight—perhaps the most important single factor, but one that is hardly visible in the gross national product. The commercial progress of most countries is measured in money terms by an appreciable advance of their currency vis-à-vis other currencies; as there are, as to the ruthless cutting of money wages of major importers. Which means that they cannot buy their imports in the currency of countries where they have to contain artificially high domestic purchasing power. What is the position of current European countries, Britain and the United States? The dollar-wise by the mechanism of the European Payments Union, which is the system under which dollar-owners from other members: France, Belgium, Luxembourg, Germany, Holland—and Austria. (In addition to aid from American and British and French "draw money" from their neighbors, also.)

Why are European 

**Productivity and Exports**

Why are the European and American manufacturing countries, so successful? Because their national governments, not the competitive discipline of the market, administer the affairs of national production and commerce; they impose various combinations of welfare controls over the economy. The government sets price levels, controls production and distribution, stabilizes wages, and reduces price-cutting or overproduction. They set up welfare services free of charge or at reduced rates.
The Security I Like Best

approximately $83 million of which $40 million was raised from the sale of bonds and the balance was from the Corporation's own financial resources and short-term borrowing to the extent necessary.

Operations

The total volume of crude transporteduced in 1953 was 54 million barrels, 25% above 1952's 44 million operations and 29% above 1951's 40 million operations. The revenue decreases, however, from $18,407,000 in 1952 to $16,124,000 in 1953. The slump in tariffs effective Oct. 15, 1953, was an increase of $1,145,000 in operating expenses due to the necessity of pumping 2 million barrels of crude to flush the oil fields into expansion to Sarnia and operation of new pipelines. No revenue accrued from the fill-in operations. These tariffs are not collectible until oil is delivered to the consumer. At the tariff rate on Jan. 1, 1954, production would be 54 million barrels with the new 3 million barrels coming from the tariffs at $2.00 per share, a total of $19,000,000. Earnings for 1953 were estimated at $1,650,000 on a per share capitalization of 75% of the present earnings. The net income for 1953 amounted to $1,575,000, or a dividend of 40%.

In view of the opportunities for full use of the new-found reserves, the board of directors of the company is recommended to retain earnings of the future prospects. Dividends, therefore, will be paid at a rate of 30% annually, not only from dividends from net earnings but also from expected in future operations. Dividends will be paid at the expense of earnings at the present earnings, and the net earnings available for dividends will be reduced to a minimum of 75%. The objective of the corporation is to retain earnings for the future growth of the corporation and to reinvest in new developments.

The volume of crude transported in 1953 was 54 million barrels, over 50% above 1952's 38 million barrels. The new tariffs, effective Oct. 15, 1953, will increase revenue from 1952's $16,124,000 to $19,000,000, or a 15% increase. The earnings for 1953 were estimated at $1,650,000 on a per share capitalization of 75% of the present earnings. The net income for 1953 amounted to $1,575,000, or a dividend of 40%.

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The Textile Revolution

I try has been excess inventory accumulation beyond the mill in industry, an accumulation which has been well liquidated. Even at the gill level, current inventory levels are now below the long-term normal levels seen in some branches of the industry.

I'd like to summarize briefly the reasons for this phenomenon, first, in the terms of the industry's estimates of demand. When business in general, I shall then go on to develop my reasoning for you.

(1) A primary factor behind the decline in demand is the excess inventory accumulation beyond the point at which it has been well liquidated. Even at the mill level, current inventory levels are now below the long-term normal levels seen in some branches of the industry.

(2) Normal coverage for Fall cannot be deferred much longer. It is now the time when the mills are most readily able to reduce inventories. I don't think there will be any more sales before the end of the month, so in my view, inventories should be reduced to normal levels by that time.

(3) The great variety of new fibers, new fabrics, and new apparel will increase demand for production of new fabrics, as well as for new apparel. And the consumers are a demanding group, especially in the case of their apparel.

General Business Picture

Now, for the general business picture:

(1) The low in the general business picture has almost been reached, and while some indexes will continue to fall, it is my view that an upturn is expected within the next few months. And this is not just a household industry phenomenon. I believe that the consumer buying will be stimulated by the increased profits that will be flowing to industrial and other indexes. In the second place, industrial textiles are the most important sector of the whole industry, and because of its importance, the upturn in this sector will be the key to the overall industry.

My predictions for the textile-apparel industry are based on my general view of the present economic conditions and the expected upturn of the industry. For this reason, I expect that industry production will increase over the next few months. But it is not clear to me whether this increase will continue beyond a few months. It is possible that the upturn will be short-lived and overdone for some months. We cannot be sure of the extent to which this increase will continue.

The turnover will be the key in determining the extent to which this increase can continue. But it is not clear to me whether this increase will continue beyond a few months. It is possible that the upturn will be short-lived and overdone for some months. We cannot be sure of the extent to which this increase will continue.

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The State of Trade and Industry

weeks noted in May at Chrysler Corp. and the Independents will be remembered as a time of moderate operations at many plants.

Steel Output Scheduled at 70.9% of Capacity. This Week

May's scheduled output at the major steel plants is again running at slightly below the peak season level. The February average was 74.3%; March average, 69%; and the April average, 70.9%.

As many of the figures are in, it will be found that ingot production is 70.9% of capacity. The capacity is 120,000,000 tons.

June could well be a pretty good month, summing up from May, since the weather and hot weather does not start slowing things down early. "Steel" being a seasonally indifferent industry, may have been the highest since the last chance of the steel plant's life.

The steel market was a little higher since the last chance of steel plant's life. As many of the figures are in, it will be found that ingot production is 70.9% of capacity. The capacity is 120,000,000 tons.

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The Fully Administered Fund of Group Securities, Inc., A Balanced Fund

A PROSPECTUS ON REQUEST from your investment dealer or Distributors Group, Incorporated

All Street, New York 5, N. Y.
Central Maine Power, with $27 million revenues annually, is the largest of the Maine utilities. It furnishes power to customers in 21 cities, and in 260 towns and boroughs. It has about 100,000 electric customers at the end of December 1953, which represented a net increase of $11,012, which represented a net decrease of $9,125 since 1952. During the summer months the power is served to 10,000 seasonal customers on short-term rates. The company has a population of over 3,000 and is about two-thirds of the State’s population.

Business conditions in Maine have been less cyclical than in some other states where industry is more concentrated. Contributing to this condition is the fact that some of Maine’s raw materials are used in the manufacture of paper mill and two important air lines which fly over the largest farm crop, diversification in agricultural and forest products besides the growing acreage of hay, oats, and potatoes, as well as hogs and cattle totaling 500,000, and large numbers of sheep, hogs, chickens and turkeys.

At the end of 1953 the company offered common stock on a 1-for-6 basis. Proceeds of $1.3 million (after expenses of $35\%), with results of the annual meeting that was held on January 23, 1954. Other adverse factors have been the severe drought last year as well as the slump in potato prices, some of the Maine crops having been reduced below the cost of production. On the other hand there was an inflow of military and civilian personnel to the two important air bases, and paying personnel for the large installations kept business at a near normal level.

Libby, McNeill & Libby
Libby, McNeill & Libby makes sales primarily through Bunz Bros. & Hutler, an issue of $15,000,000 of 23-year 5\% sinking fund debentures due May 15, 1979, at $10,000,000 of 5\% cumulative preferred stock. It pays a dividend of 9\%.

Central Maine Power
Central Maine Power, with net assets of $27 million, serves an area about 120 miles long and 30 miles wide in Aroostook and Penobscot Counties in northeastern Maine, near the Canadian border. It serves 52 communities at retail, including Caribou, Presque Isle, Fort Fairfield, Madawaska, and Ft. Kent, also 13 at wholesale. Population of the area served by the company is about 59,000. Annual revenues of the company are little over $100,000. A subsidiary, Maine Electric Co., New England Power Company, Ltd., and Atlantic Northern Power Company, Ltd., serves the area with about 40\% of system revenues. It is primarily a hydro company, serving the major part of its power to the parent company, which in turn distributes it to a small number of communities. The properties of the company and the company’s territories are owned as a single interconnected system.

Aroostook County, which covers a large portion of the State and is the center of the most important potato-growing sections in the United States, is served by this company.

Joining King Merritt
Joining King Merritt are: Charles F. Caldwell, now with The Gannett Corporation, and Mr. Wagoner’s new partner, Proctor & Prince, Johnstone Building. Robert B. Berman
Robert Berman, who is the son of King Merritt’s father, joined the firm in 1943. He had worked for the company since 1937. He is a member of the law firm of Abbott, Proctor & Prince, Johnstone Building.

With Francis I. du Pont
With Francis I. du Pont is now with Abbott, Proctor & Prince, Johnstone Building.

Carr Co. Adds to Staff
Carr Co., the old Taylor Chronicle, has appointed Charles G. Spiker and the staff of the Carr Co. has been expanded by the addition of Francis M. Wagoner, now with Abbott, Proctor & Prince, Johnstone Building.

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Importance of Steel Industry And Its Obligation to Investors

in the hands of the public—common stock, preferred stock and bonds—would indicate that the average value placed on the Common Stock on the New York Stock Exchange for the 12 months ending March 31, 1922, was $31.25. That is roughly 20% of the book value, or as one might say, on a most conservative basis—to value that stock of capacity.

Now, the steel industry which is indispensable and as stable as the industry is capable of from a physical standpoint be had as a risk, a speculation from a financial standpoint! Why does the steel industry compare so favorably in this respect with other major industries? Why are we in the big league with our international competitors—operating in the mill and in the minor league as financial operators? The answer, of course, is that in the year the record of the steel industry to-day is not the pay-out of dividends but has been unexcelled for the past 20 years or more.

Relatively Low Steel Company Earnings

The National City Bank of New York in its continuing studies of earnings in manufacturing industries, has been studying earnings over a period of years, in terms of 1921, to the extent of $3.0 billion. The study shows the earnings in manufacturing industries is always greater than the earnings of any other industry. The average earnings in all industries in the period of 30 years ending in 1921 was $33.9 per dollar of net worth. Over this period the steel industry earned 4.8 times its net worth. The average earnings of the steel industry for the year 1921 was $33.9. This is the highest in the industry.

Comparison of Net Earnings—Iron and Steel and Other Manufacturing Industries, 1923 Through 1953

(Percentage of net profit to net worth)

<table>
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<tr>
<th>Year</th>
<th>Highest Average</th>
<th>All Industries</th>
<th>Iron and Steel</th>
<th>Lowest Average</th>
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<td>12.3%</td>
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Source: Study by the National City Bank of New York.

The steel industry today has a steelmaking capacity in excess of 124,000,000 tons. We know from experience that this industry must have to be replaced entirely within a period of about 30 years. I think it would be safe to say that we are going to be any lower than this figure. The industry is very conservative—and very much conservatively estimated—and it is our obligation required just to replace the plants that are now existing in the existing present steel industry. In other words, it must be our job to find out how long it will be necessary for this year for this purpose — or about the average life of the industry provided for depreciation of this industry.

In addition to replacement, we will be confronted with the need of replacing steel-making equipment and steel-making capacity. In view of the heavy increase in current year and in view of the present operating rate, we can calculate intensive new construction of a lower problem but certainly not a problem to come. But of course, it is an absolute certainty we will be increasing again presently and probably not too far into the future. In the past, this world, population is steadily increasing and capital consumption of steel and iron is increasing. I will not hazard, or as to whether in one year will find that 124,000,000 tons is not enough and when it comes the steel industry will grow.

Future expansion involves another problem for the steel industry—financial—that we must begin to face now. That is the eternal problem of finance. The steel industry—largely—principally iron and coal. They are absolutely the people who have responsibility for advising our public in investment. They want to know if at long last we have learned anything that this industry so essential as steel has an obligation to make financial earnings to be self-supporting. I think that we should first take a long look at our ability to manage the management of the companies in this industry.

I am sure it is hot news to you that this is a bookkeeping question—and with a coldly appraising eye. They are the people who have responsibility for advising our public in investment. They want to know if at long last we have learned anything. This industry so essential as steel has an obligation to make financial earnings to be self-supporting. I think that we should first take a long look at our ability to manage the management of the companies in this industry.

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Investment status of the bonds. Others readily recognized their investment merits and eagerly sought them. These bonds have been sold out and are trading at a premium. However, as the market for corporate bonds had been saturated, the demand for new issues declined and a wave of selling set in.

In addition, an attempt was made to develop a secondary market in the bonds. This plan, which would be similar to the Wall Street story, was a distinct failure. The bonds now occupy their proper niche in the market.

Being listed in size by Government market standards, they did as well as any other bonds. In the long run, however, the Government market trading technique proved to be a failure. The prices of corporate bonds were much less than the prices of similar obligations, and individually they were not as liquid as similar corporate obligations. As a result, the Government marketTrading technique is not likely to succeed in the future.

All this occurred in the early stages of the market. In the meantime, the bond prices which reached its low of a year ago have made a recovery of over 10 years. For the time being, it is clear that the bulk of the bonds will trade in the secondary market.

The bonds are not the only problem in the market. The bond market is becoming increasingly important in the world. It is the primary market for corporate bonds. The bonds are sold to the public in the primary market, and the market for corporate bonds is the secondary market.

It is now clear that the bond market is becoming increasingly important in the world. It is the primary market for corporate bonds. The bonds are sold to the public in the primary market, and the market for corporate bonds is the secondary market.

With Illinois Company

CHICAGO, III. — Leonard V. Kahl, president of the Illinois Company, 211 West Jackson Boulevard, Chicago, Ill., has been selected to succeed Mr. Hart in the office of governor of the State. Mr. Hart was formerly with Central National Bank.

With Inv. Planning

BOSTON, Mass.: Loring T. McNeil, president of the Investment Company, 33 Congress Street, has been selected to succeed Mr. Hart in the office of governor of the State. Mr. Hart was formerly with Central National Bank.

With King Merrit

FALL RIVER, Mass.: William McNeil, president of the King Merrit Company, has been selected to succeed Mr. Hart in the office of governor of the State. Mr. Hart was formerly with Central National Bank.
sample, both the New York State Teachers Retirement System and the New York City Comptroller's office, retirement added the same net percentage of new members. Yet the net percentage increase in average employee contribution was substantially smaller in the case of the California average.

In making a projection of future growth of all public funds, two independent methods of projection were used. The first method assumed that retirement contributions increased at a rate of 16.4% during the year 1953-54, that this percentage rate of increase would decrease by 1% each year thereafter, and that the rate would be gradually decreasing to a 6% annual rate of increase in 1970. The second method assumed that an interest factor of 2% of the re- served compounded annually, that public employee coverage would increase at the rate of one million members annually for the next 15 years and that the average employee contribution would increase from $325 per member in 1953-54 to $400 in 1970. This method is completely accurate, note, because the individual studies were closely documented on an actuarial basis, but the results were also in substantial agreement in broad lines. The results of the studies indicates that public funds have increased at a rate of approximately $15.3 billion and increased to $28 billion, approximately 2.84% per year, over a period of 20 years. As the assumptions made in this analysis were not the same as those projected estimates make no attempt to be accurate in detail, the benefits and only make a modest provision for annual increase in benefits.

In general, the provision made for additional five years' interest on the principal was actuarially sound, but it was assumed that only modest increase in the cost of living in the years 1953-54 to 1970 would be due to retire- ment, government wages, which incidentally were increased at a rate of 2.84% per year, increased faster than the consumer price index. Benefits on the receipt of a pension must have a considerable distance to go before reaching the level of the system.

This how this social program is the beneficiary to which the trend appears to be toward the full retirement age at 65, while their subsequent funding over a period of 20 years is indicated from this projection of as- setts, it is true, that this is a conservative and minimum and even more drastic effect of growth is likely.

Role of Rate

Ninety-five funds analyzed in the study were all on an average net percentage of rate of return on investments. This does not include the New York City Comptroller's office which reported in its 1953 annual report that it had invested $117 public funds, $28 funds earned 3% more on their assets and 13 funds reported the 5% income statement. These funds do not have no weighting given for the assets of the funds, and the average annual rate of interest is for 24 funds was 4.2%.

Comparing the individual years 1951 to 1953, it is evident that the rate of return increased over the past few years. This is particularly true if we turn to some of the forward movement of interest rates on Government and corporate bond rates, the trend of investment liberalization and the dis-
The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in column two are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

### Indications of Current Business Activity

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Mone ary Policy’s New Look

serve positions and long-term rates remain below recent comparable levels. It would not be realistic, therefore, to expect a return to rates of the early 1940s, at least not this year. The Reserve System has evidently been acting on the principle that banks, to be sure, and has given every indication of doing so. On the other hand, security prices and yields are established by the willingness of investors to purchase them at said prices. If the price of securities is determined primarily by higher prices and lower yields are required, the system as a whole will be acting in accordance with the actions of the Reserve System.

What Can Easy Money Do? Would it be possible to say that easy money will result in a new wave of easy money? Or is it, in addition, a positive stimulus to the economy?

The phrase “easy money” refers primarily to the condition in which there is an abundance of credit with which borrowers can obtain funds on easy terms and at relatively low interest rates. It does not, however, include the availability of credit, not its cost. Availability and cost are distinct concepts. Good credit is not the same thing. Generally, when the credit is readily available, interest rates tend to decline. In the case of most types of credit, lower rates have little or no effect upon the demand for credit. Thus, even with easy credit, it may have considerable influence upon the amount of credit that will be extended, and if a particular kind of credit is adequately available, this is a matter of concern to the Federal Reserve. If this were not the case, it might make lenders cautious and they would be less willing to lend at all.

The chief objective of an easy money policy is to lower interest rates. However, if the credit is not adequate or if the interest rates are too high, an easy money policy may have little effect. In such a case, the objective of the easy money policy may be defeated.

Ease Should Not Be Overdone

Once credit is available at reasonable rates, therefore, there is little reason to believe that raising it will bring about less inflation than does maintaining it at the same level. This is just as clearly a responsibility of the Federal Reserve as it is to prevent credit from becoming too expensive.

One of the chief dangers of easy credit is that it tends to encourage speculation. Speculation is only to be encouraged when it cannot easily be domesticated within the business.

Mone ary Policy’s New Look

It does not pay to have monetary authorities overhearing the decline in rates if they do not have the ability to control them. The answer remains here that both the Federal Reserve and the public should be as standably reluctant to make any monetary changes as we have accelerated the downturn in the business.

Is New York Declining As a Banking Center?

The issue of whether New York is declining as a banking center is a complex one, but some recent developments have raised concerns. For instance, New York has lost some of its traditional financial functions, such as serving as the hub for the trading of government securities, and in recent years, many banks have moved their headquarters to other cities. In addition, interest rate differentials, which historically have favored New York, have narrowed, reducing the attractiveness of the city as a financial center.

However, it is important to note that New York remains a major financial center and continues to attract a significant amount of investment and financial activity. While it may not be as dominant as it once was, New York's role in the financial system is still substantial, and it will continue to play a significant role in the global economy. The key will be to adapt to changing circumstances and to continue to innovate and diversify its financial offerings.
Securities Now in Registration

★ Aluminum Co. of America
May 28 filed $19,786,000 of common stock to be offered for sale under company's Employee's Stock Option Plan.


American-Canadian Oil & Drilling Corp.
May 21 filed $200,000 of additional common stock—price, 72 1/2 at par ($1 per share). Proceeds—For drilling expenses and acquisition of properties for development and exploration, and related activities. Office—Dallas, Tex. Underwriter—None.

American Cyanamid Co., New York
May 3 filed 85,895,000 of cumulative preferred stock, series C (par $100) 2% convertible prior to July 1, 1986, to be offered for subscription by common stockholders of record June 1, 1986 in the ratio of one preferred share for each 15 shares of common stock held; rights to expire June 11. Price—To be supplied by amendment.


American Progressive Health Insurance Co.,
May 21 (letter of notification) 30,000 shares of common stock (par $25), at $450 per share. Proceeds—For working capital. Office—62 Liberty St., New York, N. Y. Underwriter—None.

American Transportation Insurance Co.,
March 17 filed 20,000 shares of capital stock (par $100). Price—$150 per share. Proceeds—To increase capital and surplus. Underwriter—None.

Artisan Water Co., Newport, Del.
May 12 (letter of notification) 22,500 shares of class A non-voting common stock to be offered first to stockholders at $18 per share, to public after May 24, 1984. Proceeds—To improve and expand water distribution system. Office—Gil Naughton & Cap Pike, Newport, Del. Underwriter—Laird, Bissell & Meade, Wilmington, Del.

★ Associated Oil & Gas Co., Houston, Texas
May 12 filed 900,000 shares of common stock (par $1). Price—To be supplied by amendment. Proceeds—To repay bank loans, for development of properties and for general corporate purposes. Underwriter—Allen & Co., New York. Offering—Expected today or tomorrow (June 3-4).

NEW ISSUE CALENDAR

June 4 (Friday)
Central Maine Power Co. (Preferred Officers) (Offered to subscribers to Manheim & Co. Inc.; The First Boston Corp.; and Coffin & Brit, Inc.)

Hilo Electric Light Co., Ltd.
Common

Inter-Canadian Corp.
Common & Debentures

Lynch Carrier Systems, Inc.
Debentures

Lynch Carrier Systems, Inc. (W. W. Bronso & Co.) Inc. $400,000

Southern Pacific Corp.
Common

Transportation Development Corp.
Common & Preferred

June 8 (Tuesday)
Freuehauf Trailer Co.
Debentures

Southwestern Gas & Electric Co.
Bonds (Due 11 a.m. CDT) $10,000,000

United's Utilities, Inc.
Common (Offering to subscribers—underwriting by Kidder, Peabody & Co. Inc.)

June 9 (Wednesday)
Aluminum Co. of America (Debentures) (The First Boston Corp. & Co.) $10,000,000

Giddings & Lewis Machine Tool Co.
Common (Due 11 a.m. CDT) $10,000,000

Grand Mesa Uranium Co. (Greenfield & Co. Inc.) $275,000

June 10 (Thursday)
Grants Building Corp.
Common (Offering to underwriters—underwriting by Lehman Brothers, Inc.)

Philadelphia Electric Co.
Common (Offering to underwriters—underwriting by Lehman Brothers, Inc.)

June 14 (Monday)
Hammond Organ Co.
Common (A. C. Baker & D. S. Clark & Co., & Doster & Weeks) $114,004

June 15 (Tuesday)
Central Illinois Public Service Co.
Bonds (Due to be issued) $5,000,000

Connecticut Light & Power Co.
Common (Offering to stockholders—underwriting by First Boston Corp.) $7,000,000

June 20 (Saturday)
Florida Power Corp.
Debentures (Due 11 a.m. CDT) $10,000,000

Florida Power Corp.
Bonds (Due 11 a.m. CDT) $1,000,000

Duquesne Light Co.
Debentures (Due to be issued) $15,000,000

June 25 (Friday)
Mississippi Power Co.
Debentures (Due 11 a.m. CDT) $3,000,000

Mississippi Power Co.
Bonds (Due 11 a.m. CDT) $3,000,000

July 1 (Thursday)
M lying Oil Corp.
Common

Milling Basin Oil Ventures, Inc.
Common

July 12 (Monday)
United Gas Improvement Co.
Bonds

July 26 (Monday)
Beaton Edison Co.
Bonds (Due to be issued) $10,000,000

★ Indicates ADDITIONS SINCE PREVIOUS ISSUE. * Items reviewed.

Automatic Cable Co. of America
April 30 filed 77,906,000 of common stock (par $5) being 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—$14 per share. Proceeds—To extend activities in the merchandising field. Underwriter—Underwriters Bros. Co., New York. Statement effective May 20.

Barnes National Gas Corp.
Santa Fe, N. Mex.

Brandywine Raceway Association, Inc.
April 28 filed 20,000 shares of capital stock (par $1) and 50,000 preferred shares of common stock (par $1), each 5% cumulative, out of 6% and 14% notes to stockholders of record June 19, 1983, on the basis of one unit for each 50 shares of stock held. Rights will expire on June 7. Price—$110 per unit. Proceeds—to pay current liabilities, and for expansion and improvements, etc. Office—Wilmington, Del. Underwriter—Equitable Securities Co., Inc., and Del, Bissell & Meese, both of Wilmington, Del., and Harrison & Co., Philadelphia, Pa.

California Electric Power Co.
April 22 filed 150,000 of cumulative preferred stock (par $100). Price—To be supplied by amendment. Proceeds—to redeem two issues of $2,500 preferred stock (par $50), totaling $3,000,000, and also to supply funds with proceeds from proposed issue of $8,000,000 of new first mortgage bonds at 8% payable in 20 years, which bonds are presently outstanding. Underwriter—Merrill Lynch, Pierce, Fenner & Beane, New York. Offering—Preliminary prospectus.

Central Illinois Public Service Co. (6/15)

Central Maine Power Co. (6/4)
May 20 filed 56,625 shares of preferred stock (par $100) to be offered for subscription by holders of common stock, for cash at par value, and such shares may be increased if the underwriters shall agree. Proceeds—To provide the basis of the new preferred share for each 50 shares of common stock held and one new share of preferred stock for each 10 shares of 5% preferred stock held on June 4; rights expire June 14. Price—To be supplied by amendment. Underwriters—Harriman Ripley & Co. Inc. and The First Boston Corp., both of New York; and Coffin & Barry, Inc., Boston, Mass.

★ Central Soya Co., Inc., Ft. Wayne, Ind. (6/16)
May 17 filed $9,990,000 of common stock to be offered for subscription by holders of common stock, for cash at par ($100). Proceeds—to be offered for subscription by common stockholders of record on June 15, to be sold subject to a number of conditions, including an option to purchase an additional 20,000 shares; rights to expire on June 29. Price—To be supplied by amendment. Proceeds—to provide working capital, stockholders—underwriting by Lehman Brothers, Inc., and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers, H. H. Fisk, Inc., Kuhn, Loeb & Co., Inc., and Merrill Lynch, Pierce, Fenner & Beane (jointly); Salomon Bros., Inc., Halsey, Stuart, Co., Inc.; and W. E. Flanders & Co. Inc. Underwriters—Milton Rice & Co. Inc.

★ Central Virginia Public Service Corp.
May 17 filed $4,900,000 of common stock to be offered for subscription by holders of common stock, for cash at par ($100). Proceeds—to provide working capital and for new construction. Underwriter—To be determined by competitive bidding. Probable holders: Halsey, Stuart, Co.; Inc; Solomon Bros. & Hutser; Riddle, Bissell, Pednsey & Co.; W. C. Langston & Co., and Humpf, Noyes & Co. (jointly); Baxter & William, Co.

★ Charge-It System, Inc.
May 24 (letter of notification) 20,000 shares of common stock (par $10). Price—$1 per share. Proceeds—For working capital and to be used to reduce current borrowings and to extend existing capital leases. Office—New York, St. N. Y. Underwriters—Milton D. Blauzer, Co. Inc. and B. Gleichen, Co. Inc., both of New York City.

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Underwriter—None.

Financial Credit Corp., New York

Jan. 29 filed 250,000 shares of 7% cumulative sinking fund preferred stock (par $100). Price—$1.10 per share. Proceeds—For capital. Underwriter—E. J. Foun-

dre, New York, N. Y.

Decca Records, Inc.

May 22 filed 1,000,000 shares of common stock (par $1). Proceeds—For new investment. Underwriter—Loeb & Loeb, Chicago, Ill.; Glorie, Fargan & Co. and W. C. Langley & Co., New York, N. Y. (jointly); Salt Lake City, Utah; Turbo & Utah.

Hussmann Refrigerator Co., St. Louis, Mo.


Hussmann Refrigerator Co., Inc., Chicago, Ill.

May 24 filed 114,604 shares of preferred stock (par $1). Proceeds—For new investment. Underwriter—Salomon Brothers, New York, N. Y.

Hill Electric Light Co., Ltd., Hawaii (6/7)


Indian Head Mills, Inc.

May 6 (letter of notification) 58,000 shares of common stock (par $1) filed for exchange of common stockholders of record May 19 on the basis of one share for one share, with cash payment of $1 (per share). Proceeds—For exchange of cash for common stockholders of record May 19 on the basis of one share for one share. Underwriter—To be determined by company and Underwriter—S. D. Fielding, New York, N. Y. (jointly); United States Bank-

ing & Loan Co., New York, N. Y.

Hoffman Radio Corp., Los Angeles, Calif.


Hussmann Refrigerator Co., St. Louis, Mo.

May 27 filed 50,000 shares of common stock (par $1). Proceeds—For new investment. Underwriter—Ripley & Co., New York, N. Y.

Hussmann Refrigerator Co., Inc., Chicago, Ill.

May 16 filed 20,000 shares of common stock (par $1). Proceeds—For new investment. Underwriter—Deese & Phillips, New York, N. Y.

Hussmann Refrigerator Co., Inc., Chicago, Ill.


May 21 filed 22,000 shares of common stock (par $1) to be offered to preferred stockholders of record of $50 per share. Proceeds—For new investment. Underwriter—J. L. Grant & Co., New York, N. Y. (jointly); White, Polk & Co., New York, N. Y.

Great Western Uranium Co., Denver, Colo.

May 10 (letter of notification) 2,000,000 shares of common stock (par $10). Price—$5 per share. Proceeds—For working capital. Underwriter—Reed, Greenfield & Co., Salt Lake City, Utah.

Gulf Power Co.

May 22 filed 150,000 shares of first mortgage bonds due June 1, 1983, at $100 per bond. Proceeds—For working capital and corporate purposes. Underwriter—20th Century Pioneer Securities Co., New York, N. Y.

G Süd, Industries, Ltd., Washington, D. C.

May 25 (letter of notification) 160,000 shares of class B non-voting common stock (par one cent). Price—$1 per...
Lynch Carrier Systems, Inc. (6/7-8)
May 4 filed 50,000 shares of preferred stock (no par) to be offered for subscription by public stockholders on or before May 6. Proceeds—To be used to supply additional capital for the purchase and installation of equipment and to purchase new transportation equipment. Underwriter—Teller & Co., Inc., New York.

Mediterranean Petroleum Corp., Inc., Republic of Panama
March 30 filed American voting trust certificates for 1,500,000 shares of stock of Mediterranean Petroleum Corp., Inc., of Panama. Proceeds—For general corporate purposes. Underwriter—First National Bank, Princeton, N. J.

Monterey Oil Co., Los Angeles, Calif.
March 29 filed 300,000 shares of common stock (no par) to be offered for subscription by stockholders of Monterey Oil Co. Proceeds—To be used to increase capital and surplus. Underwriter—None.

Mountain Fuel Supply Co. (6/10)
May 28 filed 12,000,000 shares of debentures due June 1, 1974. Proceeds—For working capital. Underwriter—First National Bank, New York.

Mountain States Uranium, Inc.

M. Nash-Finch Co., Minneapolis, Minn.
May 24 (letter of notification) 1,000 shares of common stock (no par) to be offered for subscription by public stockholders on or before May 26. Proceeds—To be used to supply additional capital for the purchase of new transportation equipment. Underwriter—J. M. Dain & Co., Minneapolis.

March 16 filed petition for an order of reorganization under Section 77 of the Bankruptcy Act of 1938. Proceeds—To be used to supply additional capital for the purchase of new transportation equipment. Underwriter—J. R. Marto & Co., Boston.

New Mexico Copper Corp.

Norton Oil & Gas Corp.

North Pittsburgh Telephone Co.
May 5 filed 2,723,000 shares of common stock to be offered for subscription by common stockholders of record May 1, 1964, on the new one-for-one exchange ratio. Proceeds—For general corporate purposes. Underwriter—None.

Feb. 5 (letter of notification) $80,000 of notes due 1974 of the company's outstanding 1,039,961 (or 92,5%.) shares are owned by Middle South Utilities, Inc., who may subscribe for an additional 14,000 shares. Price—$35 per share. Proceeds—For property additions and improvements. Office—311 Baronne St., New Orleans, La. Underwriter—None.

Northern Natural Gas Co., Omaha, Neb.
May 5 filed 385,400 shares of common stock ($1 par value) to be offered for subscription by common stockholders of the company. Proceeds—To be used for additional capital and for working expenses. Office—50 State St., Boston, Mass. Underwriter—H. C. Wainwright & Co., Boston.

Oregon Natural Gas Co., Seattle, Wash.
May 25 on the basis of one new share for each nine shares held. Unsubscribed shares to be offered to employees, rights to expire on June 8. Price—$25 per share. Proceeds—For property additions. Underwriter—None.

Oklahoma Oil Co., Denver, Colo.
April 30 (letter of notification) 500,000 shares of common stock (no par) to be offered for subscription by common stockholders of record May 1, 1965. Proceeds—For working expenses. Office—401 Zook Building, Denver.

Oiltex Investment Corp., Denver, Colo.
May 25 (letter of notification) 250,000 shares of 7% convertible debentures due 1984, at par (one cent). Proceeds—To be used to supply additional capital for the purchase and installation of equipment. Underwriter—Creston & Company, Denver.

Pacific Telephone & Telegraph Co.
May 7 filed 1,004,003 shares of common stock to be offered for subscription by common and preferred stockholders at the par value of one share for each seven shares of common and/or preferred stock held. Price—at $100 per share. Proceeds—To reduce bank borrowings. Underwriter—None.

Panhandle Eastern Pipe Line Co. (6/17)
May 18 (letter of notification) 2,000,000 shares of common stock (no par) to be offered for subscription by common and preferred stockholders on or before May 20. Proceeds—To be used to supply additional capital for the purchase and installation of equipment. Underwriter—None.

Pennsylvania Electric Co., Inc., of Republic of Panama
March 30 filed American voting trust certificates for 1,000,000 shares of common stock (par $1) to be offered for subscription by common and preferred stockholders of the company. Proceeds—For acquisitions of additional capital and for working expenses. Underwriter—To be named by amendment.

Pittsburgh Athletic Club, Inc. (6/11)
May 27 filed 10,000 shares of common stock, $1 par value. Proceeds—To be used for additional capital and for working expenses. Underwriter—Drexel & Co., Philadelphia, Pa.

Phoenix Budget Loans, Inc., Minneapolis, Minn.
May 4 (letter of notification) 4,000 shares of $1.50 cumulative preferred stock (no par) to be offered for subscription by common stockholders of record June 7 at the rate of one new share for each 12 shares held; rights to subscribe on June 28. Proceeds—For acquisition of additional capital and for working expenses. Underwriter—None.

April 8 (letter of notification) 640 shares of $6 cumula tive preferred stock (no par) to be offered for subscription by common stockholders of record May 1, 1964, at par. Proceeds—For general corporate purposes.

Potomac Electric Power Co.
May 4 (letter of notification) 300,000 shares of common stock (par one cent). Price—$41 per share. Proceeds—For working capital.

Pueblo Mortgage Exchange Co.

Pumice, Inc., Idaho Falls, Idaho

April 23 (letter of notification) 83,000 shares of common stock (no par) to be offered for subscription by common stockholders of record May 1, 1964, at par. Proceeds—For general corporate purposes.

Rocky Mountain Hospital Co., Denver, Colo.
March 9 filed 26,500 shares of common stock, $1 par value, to be offered for subscription by members of the hospital. Proceeds—To supply additional capital for the purchase and installation of equipment. Underwriter—None.

Southern Great Basin Oil & Gas, Inc.
May 17 filed 250,000 shares of common stock (par $3), of which 50,000 shares are to be sold to stockholders of record as of May 13 at $30 per share. Proceeds—To be used to supply additional capital for the purchase and installation of equipment. Underwriter—None.

Southern States Chemical Co., Atlanta, Ga.
May 12 (letter of notification) 1,000,000 shares of common stock (no par) to be offered for subscription by common and preferred stockholders of record June 30 at the rate of one new share for each five shares held. Proceeds—For general corporate purposes. Underwriter—None.

Southwestern Natural Gas Co. (6/7-11)
May 17 filed 250,000 shares of common stock (par $3), of which 50,000 shares are to be sold to stockholders of record as of May 13 at $30 per share. Proceeds—To be used to supply additional capital for the purchase and installation of equipment. Underwriter—None.

Spokane Gas Co.

Speedway Seed Co., Spokane, Wash.
March 8 filed 600,000 of 5% convertible debentures due June 15, 1965, at par. Proceeds—For working capital in Oregon and Northern Idaho. Price—100% of principal amount. Proceeds—To improve facilities and for working capital. Underwriter—None.

Straits Smelting Co., Lockport, N. Y.
May 27 filed 100,000 shares of common stock, $1 par value. Proceeds—For working capital and for development of a new project. Underwriter—None.

Straits Smelting Co., Lockport, N. Y.
May 27 filed 100,000 shares of common stock, $1 par value. Proceeds—For working capital and for development of a new project. Underwriter—None.

Theodore N. Harvey, Minneapolis, Minn.
May 4 (letter of notification) 1,000 shares of common stock (no par) to be offered for subscription by common stockholders of record June 7 at the rate of one new share for each 12 shares held; rights to subscribe on June 28. Proceeds—For acquisition of additional capital and for working expenses. Underwriter—None.

Theodore N. Harvey, Minneapolis, Minn.
May 4 (letter of notification) 1,000 shares of common stock (no par) to be offered for subscription by common stockholders of record June 7 at the rate of one new share for each 12 shares held; rights to subscribe on June 28. Proceeds—For acquisition of additional capital and for working expenses. Underwriter—None.
Prospective Offerings

**American Natural Gas Co.**

April 28 stockholders approved a proposal to increase common stock 5,000,000 shares, from 4,000,000 to 9,000,000 shares, to enable the company to sell additional shares when necessary. Offering will probably be made to present stockholders. Proceeds—For construction projects. Underwriters—None.

**Arkansas Louisiana Gas Co.**

Feb. 22 it was reported Cities Service Co. may sell its 1,000,000 shares of this company's stock. It holds at competitive bidding, bidders may include Smith, Barney & Co. and Wilt, Byth & Co. (jointly).

**Boston Edison Co. (7/26)**

May 24 it was announced by the Corporation of Massachusetts Department of Public Utilities to issue and sell $13,000,000 par value of 6% stock (no par), for each new share held; rights to subscribe for each new share held; rights to subscribe for each new share held; rights to subscribe for each new share held; rights to subscribe for each new share held; rights to subscribe for each new share held; rights to subscribe for each new share held; rights to subscribe for each new share held; rights to subscribe for each new share held; rights to subscribe for each new share held; rights to subscribe for each new share held; rights to subscribe for each new share held.

**Central Illinois Electric & Gas Co.**

Dec. 9 it was announced company intends to offer and sell $50,000,000 par value of first mortgage bonds due 1964 and 1940, of cumulative preferred stock, common stock and floating debentures. Proceeds—To repay bond loans and for working capital. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Lehman Brothers; Kidder, Peabody & Co. (jointly).

**Colorado-Western Pipeline Co.**

March 3 it was announced company plans early in June to sell and issue $50,000,000 of common shares and an additional $40,000,000 of senior debentures later in the year to be used for working capital. Proceeds will be used to pay a bank loan of $25,000,000. Underwriters—To be determined by competitive bidding. Probable bidders: Harriman & Morgan Corp.; Morgan Stanley & Co. (jointly).

**Consolidated Gas Electric Light & Power Co.**

May 26 it was reported company plans, following settlement of rate case, to issue and sell $15,000,000 of common stock. Proceeds—For working capital. Underwriters—To be determined by competitive bidding. Proceeds—For working capital. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Lehman Brothers; Kidder, Peabody & Co. (jointly), White, Weld & Co. (jointly).

**Cott Beverage Corp.**

April 29 it is planned to sell 5,000,000 shares of common stock to be publicly offered—100,000 shares for account of company, 4,900,000 shares for account of stockholders. Proceeds—In neighborhood of $10 per share. Proceeds—For general corporate purposes. Underwriters—W. J. Knight Inc., New York. Registration—Expected in June, 1954.

**Eastern Utilities Associates**

Apr. 24 an offer of additional common stock ($10) to present stockholders on a basis not less than $30 per share is planned for May 1. Proceeds—To pay $2,000,000 of bank loans. Offering—Expected not later than Oct. 1, 1954, probably early this summer. Underwriters—First Trust & Deposit Co., Syracuse, N. Y.

**Evergreen Oil & Gas Co., Colorado**

March 13, 1954, it was announced company plans for building a 500-mile pipeline from May to Leadville, Colo., with an additional 40,000,000 of common shares and an additional $40,000,000 of senior debentures later in the year to be used for working capital. Proceeds will be used to pay a bank loan of $25,000,000. Underwriters—To be determined by competitive bidding. Probable bidders: Harriman & Morgan Corp.; Morgan Stanley & Co. (jointly).

**Florida Power & Light Co.**


**Fort Wayne & Independence Power Co.**

April 29 it is planned to sell 5,000,000 shares of common stock to be publicly offered—100,000 shares for account of company, 4,900,000 shares for account of stockholders. Proceeds—In neighborhood of $10 per share. Proceeds—For general corporate purposes. Underwriters—William A. Pope, Inc., Syracuse, N. Y.

**Georgia Power Co.**

March 21, it was announced that the company plans new financing late this summer which would require issuance of $15,000,000 of new common stock. Proceeds—For new construction. Underwriters—To be determined by competitive bidding. Probable bidders: Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane, New York. Proceeds—For new construction. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Lehman Brothers; Kidder, Peabody & Co., (jointly). Common stock was increased by stockholders' plan of offering to sell 5,000,000 new shares for each 10 common shares held. Proceeds—To retire, in part, outstanding A preferred stock held by Reinsurance Finance Corporation. Underwriters—William N. Pope, Inc., Syracuse, N. Y.

**Georgia Power & Light Co.**


**General Electric Co.**

May 26 it was announced company plans, following settlement of rate case, to issue and sell $15,000,000 of common stock. Proceeds—For working capital. Underwriters—To be determined by competitive bidding. Proceeds—For working capital. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Lehman Brothers; Kidder, Peabody & Co. and White, Weld & Co. (jointly).

**General Motors Corp.**

May 20 it was announced company plans early in June to sell and issue 1,000,000 new shares of preferred stock and 10,000,000 shares of common stock. Proceeds—To be used for expansion and modernization. Underwriters—Stroud & Co., New York.

**Georgia Power & Light Co.**

March 8 it was announced company plans to sell around $10,000,000 of common stock, $500,000 of capital bonds due 1946 and $60,000 of cumulative preferred stock, all at prices to be determined by competitive bidding. Probable bidders: (1) For bonds—Halsey, Stuart & Co.; Union Securities Corp. (jointly); (2) For preferred—The First Boston Corp.; Harriman Ripley & Co. (jointly). Proceeds—To be used for expansion. Underwriters—White, Weld & Co. (jointly).


Otter Tail Power Co.
April 12 it was announced that the common stock from 750,000 shares to 1,000,000 shares in order to provide for possible future needs in financing. Underwriter.—May be Glob, Forgan & Co., New York City.

Pacific & Electric Co. & Co. (6/23)
May 26 it was announced company plans to file with the Securities and Exchange Commission a registration statement covering 1,500,000 shares of registered preferred stock (par $25). Price.—To be named later. Proceeds.—For construction program. Underwriter.—Byth & Co., San Francisco, Calif.

Pacific & Power & Light Co.
April 30 it was announced company may issue and sell $20,000,000 of new bonds this year. Proceeds.—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co.; and White, Weld & Co. (jointly).


Pembina Pipe Line Co.
Canada April 14 it was announced company has granted the rights to stockholders of record to subscribe for a one-for-one basis (with an oversubscription privilege); rights to expire on June 15, 1954. Proceeds.—For expansion and working capital. Underwriter.—None.

Metropolitan Edison Co.
Direct stockholders of the company may sell in 1954 about $5,000,000 first mortgage bonds due 1984. Proceeds.—For construction program. Underwriters.—Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Kuhn, Loeb & Co. and Salomon Bros. & Hetzler (jointly).

Montana-Dakota Utilities Co.
March 17 it was reported that company plans to issue and sell some additional first mortgage bonds this year. Proceeds.—To repay bank loans and for new construction. Underwriters.—For new construction. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co. and Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. (jointly); Blair, Rollins & Co. Inc.

New England Electric System
April 29 it was announced company is offering to its stockholders the option of receiving additional common stock in lieu of preferred stock. Proceeds.—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co. and Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. (jointly).

New Jersey Power & Light Co.
Dec. 16 it was reported company tentatively plans to issue in 1954 about $5,000,000 first mortgage bonds due 1984. Proceeds.—To be used for expansion and working capital. Underwriter.—None.

New York, New Haven & Hartford R
May 26 it was reported company will offer and sell $6,000,000 of new preferred stock due 1969, inclusive. Probable bidders: Halsey, Stuart & Co. cur. and Kidder, Peabody & Co. and Blair, Rollins & Co. Inc.

Northern States Power Co.

Oregon & California Electric Co. & Co. (6/23)
May 26 it was announced company plans to file with the Securities and Exchange Commission a registration statement covering 1,500,000 shares of registered preferred stock (par $25). Price.—To be named later. Proceeds.—For construction program. Underwriter.—Previous offering of $24,600,000 par value common debentures, in September, 1953, was underwritten by Blyth & Co., Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane.

Seattle Trust & Savings Bank
...be held in June on a proposal to approve the issuance and sale to stockholders of preferred stock, the capital stock in the ratio of one new share for each nine shares held.

Southern California Power Co. May 10 company applied to FCC for authority to issue and sell 12,135 shares of common stock (par $10) to underwriters—May be Huntington & Co. and Morgan, Stanley & Co., Inc., New York, New York; and Barpee, Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly).

Southern Utah Power Co.
May 10 company applied to FCC for authority to issue and sell $5,000,000 of preferred stock (par $100) to underwriters—May be Huntington & Co. and Morgan, Stanley & Co., Inc., New York, New York; and Barpee, Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly).

Telecomputing Corp.
Registered underwriter registration is expected is registered to issue 85,000,000 shares of common stock. Underwriter.—Hill, Roden, & Co., and William W. Rats & Co., Los Angeles, Calif.

Tennessee Gas Transmission Co.

Transcontinental Gas Pipe Line Corp.
March 17 it was reported company plans to issue and sell $20,000,000 of preferred stock in 1954 (in addition to $25,000,000 bonds filed May 28 with SEC). Proceeds.—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).

Tri-Continental Corp.
Preferred stock is expected to be sold to recapitalize 500,000 shares of presently authorized but unissued $6 cumulative preferred stock, without par value, into 1,000,000 shares of preferred stock, and to make it possible a refunding of the outstanding $6 preferred stock of the company. Underwriter.—Union Securities Corp., New York.

Ultrasonic Corp.
company plans to offer some new securities to provide working capital. Details not yet available.

United Gas Improvement Co. (7/12-16)
May 11 it was reported company may issue and sell $10,000,000 in mortgage bonds due 1970. Proceeds.—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Kidder, Peabody & Co. and Dressy & Co. (jointly); The First Boston Corp.; Blyth, Raymond & Co. of New York, New York

Underwriter.—Eastman, Dillon & Co., New York, N.Y.

Western Pacific R.
March 21 it was reported company plans to issue and sell $50,000,000 of new common stock for the capital stock in the ratio of one new share for each nine shares held.

Western Pennsylvania Gas Co.
May 26 company applied to SEC for authority to issue and sell its stockholders of record June 1, 1954, a 1-for-3 basis 12,181 additional shares of common stock (par $10). Price—$1 per share. Proceeds.—To redeem collateral trust bonds. Underwriter.—None.
The Commercial and Financial Chronicle... Thursday, June 2, 1892

Our
Reporter's
Report

Although far from panicily the investment underwriting industry is now in a much healthier state than it was last year. The situation in this respect is well illustrated by the fact that some of its members is concerned over the condition of the new issue market. What has happened in this point where prospective issuers decided upon indefinite postponement of their plans. The market, however, has already gone into registration, it is apparent that something got to give without much delay.

That point was reached during the past week when Consumers Power Co. decided to withdraw its request for the issuance of its first mortgage bonds because of "present market conditions." Bidding had been set far yesterday but the issue is now off until some future date.

Meanwhile the rank and file on the underwriters on the one hand and the institutional portfolio buyers on the other, are keeping a close eye on two recent underwriting operations. The Pacific Gas & Electric's $45,000,000 issue and the Bankers' Trust Co. & General George & Co.'s $50,000,000 of new bonds.

The former brought out at a price 9 1/8 per cent of the last bid the yield to 5 1/2% have been gratifying. The outlook for the New York power war which here has prompted an acute demand for new bond offerings in general.

Consensus seems to be that prices have now reached the level of the case of these offerings will prospect to any key to the immediate prospect.

Test of Bidding Theory

For some time the market current situation could prove the acid test for the entire theory of competitive bidding which came into being under the auspices of the New York power commission.

Under this method of underwriting, it is argued, the tendency is to drive the price of new issues which are not acceptable to people out of the market. The point is made there that there may be 75 or 80 members in a market, but the traders will do business in the bonds, it is contended, it is on the wrong course.

Reliance Electric's $5,000,000 of debentures, by reason of their 28-year maturity with an extra paid in, will test the theory of competitive bidding, the view taken.

Generally, Vandalion Corp. of America is offering $5,000,000 of debentures, while Central Power is offering an issue of 50,000 shares of $100 par value preferred up for the consideration of buy.

Just As Well

With the new term of the board of directors, the company's new market is to be established, the public interest. I don't think anyone could quarrel with the theory that this will be the business of the competitive bidding market.

Some 500 to 1000 members of the Board will finish their day at the registration's annual auction on Thursday morning.

So that the week was a short one in the business, what with the Memorial holiday, and the Treasury abbreviated activities, with emphasis on going to work backed-up material. The week was a short one in the business, what with the Memorial holiday, and the Treasury abbreviated activities, with emphasis on going to work backed-up material.

Three With Standard

The second with Standard Investment Co., 210 West Street, 210 West Street.

Joints Louis Love

If you're looking for a bargain, look no further. The joint investments offer some of the best deals in the market today.

Joints Frank Knowlton Co.

For the benefit of the past with Capital Securities Co.

Continued from page 3

Additional Commentaries on "Full Employment & Its Dangers"

held that the release of purchasing power and stimulation of investment, which we had hoped for, were not passed. It is not argument even more valid today when there is a large volume of unemployment and underemployment?

It is needed today more purchasing power to absorb the output of the plant we now have (plant has increased 66 since 1845, in rough figures) and a tax program that is calculated to lead to more plant unemployment and would actually lead to more savings being sterilized in the banks.

ROGER W. BABSON
Babson Park, Mass.

I surely agree with Dr. Wiegand. When this "full employment" policy is operated without the consent of the government, it is a case of the President of Congress passing a law that there should be no famine and no more sickness or that one gets his loaf of bread.

Congratulations to you on the company's annual auction.

DAVID E. SMUCKER
President, Detroit, Toledo and Ironton Railroad Co.

I agree fully with Dr. Wiegand that the full employment philanthropy of government is a most dangerous one. Without the public interest.

I don't think anyone could quarrel with the theory that this will be another great period when our country will be able to work properly in normal and usual occupations, including proper government. As a matter of con-

I don't think anybody could dispute very much a conclusion that the country would be in much better shape with only 20% of those out of work being able to find employment, both commercial and blue-collar governmental spheres.

The danger lies entirely with the possibility of selfish motives. The government is under the obligation to be guided by the interest of the nation as a whole, or not the good of the people in general, but the interest of the part of the government. If we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that we could be sure that
DIVIDEND NOTICES

AMERICAN BANK NOTE COMPANY

Preferred Dividend No. 103

Common Dividend No. 183

A quarterly dividend of $0.25 per share (15%) on the Preferred Stock of the company, payable July 1, 1954, to stockholders of record at the close of business June 29, 1954. Transfer books will be closed June 24, 1954.

EDWIN HOFFMAN, Secretary.

DIVIDEND NOTICES

ANACONDA

DIVIDEND NO. 184

The Board of Directors of Anaconda Copper Mining Company has today declared a dividend of Seventy-five Cents ($0.75) per share on its capital stock of the par value of $50 per share, payable June 29, 1954, to stockholders of record at the close of business on June 2, 1954.

C. EARLE MORAN
Secretary and Treasurer
33 Broadway, New York 4, N. Y.

DIVIDEND NOTICES

DIVIDEND NOTICE

The following dividends have been declared by the Board of Directors:

Preferred Stock
A regular quarterly dividend of $1.25 per share on the $2.50 Cumulative Preferred Stock, payable July 1, 1954, to stockholders of record at the close of business on June 15, 1954.

Common Stock
A quarterly dividend of $0.15 per share on the Common Stock, payable July 1, 1954, to stockholders of record at the close of business on June 15, 1954. Transfer books will not be closed. Checks will be mailed.

STUART K. BARNES, Secretary
Guaranty Trust Company of New York

DIVIDEND NOTICES

LONG ISLAND LIGHTING COMPANY

Preferred Stock Quarterly Dividend

The Board of Directors has declared the following quarterly dividends payable July 1, 1954, to holders of Preferred Stock of record at the close of business June 11, 1954:

Series Per Share
Series B, $50...$1.0625
Series D, $43.75..$1.0000

VIRGINET T. MILES
Treasurer
May 26, 1954

DIVIDEND NOTICES

UNION FIRE INSURANCE COMPANY

of PITTSBURGH, PA.

130th DIVIDEND DECLARATION

The Board of Directors of this company today declared a cash dividend of Fifty Cents (50?) a share on the capital stock. This cash dividend will be paid June 30, 1954 to stockholders of record at the close of business June 9, 1954.

WILLIAM J. PIEZ, President

DIVIDEND NOTICES

FEDERAL SAVINGS & LOAN ASSOCIATION

HANFORD, WA.

PREFERRED STOCK

A regular quarterly dividend of $0.62475 per share has been declared. Dividends of $0.15 per share (5%) per quarter, Cumulative Preferred Stock, payable June 29, 1954 to stockholders of record at the close of business June 11, 1954.

WALTER H. STEPPLE Secretary & Treasurer
May 24, 1954

DIVIDEND NOTICES

NATIONAL UNION FIRE INSURANCE COMPANY

of PITTSBURGH, PA.

130th DIVIDEND DECLARATION

The Board of Directors of this company today declared a cash dividend of Fifty Cents (50?) a share on the capital stock. This cash dividend will be paid June 30, 1954 to stockholders of record at the close of business June 9, 1954.

WILLIAM J. PIEZ, President

International Minerals & Chemical Corporation

General Offices:
20 North Wacker Drive, Chicago 6

QUARTERLY DIVIDENDS

4% Cumulative Preferred Stock
49th Quarterly Regular Dividend
One Dollar ($1.00) per Share
$2.00 Par Value Common Stock
Twenty Cents (20?) per Share
Declared—May 27, 1954
Record Date—June 13, 1954
Payment Date—June 30, 1954
A. R. Cahill
Vice President and Treasurer

YALE & TOWNE

EXECUTIVE OFFICES

2656 DIVIDEND

On May 27, 1954, dividend No. 265 of Fifty Cents [50] per share was declared by the Board of Directors as a regular quarterly dividend payable June 30, 1954 to stockholders of record on June 13, 1954. Dividend checks will be mailed June 17, 1954. Checks will be mailed on or before June 30, 1954.

F. DUNNING
Executive Vice-President and Secretary

The Yale & Towne Mfg. Co.
Cash dividends paid in every year since 1909

THE WEST PENN ELECTRIC COMPANY

Monongahela Power Company
The Potomac Edison Company
West Penn Power Company
WASHINGTON, D.C.—Should another "hot war" finally develop in Southeast Asia, it does not follow that the controls pattern of the Korean affair will be foisted upon the body politic and economic, despite all the loose chatter on the subject last year. Mr. Capelhart looked for a time like he was cooking up politically salable merchandise. The White House, after all, is anti-controls viewpoint and evidence of "nationality," thereby precipitating a nice little party row among the Republicans.

As it finally turned out, the White House was definitely crunching over the controllers. Standby controls were killed. The White House thereafter adopted the anti-controls position as its policy and the President has since bragged that Republicans endorse it.

So the history of 1953 puts the White House one up on the controllers.

Opposition Exists
Within Administration
In any case, there is a good bet that there will be some solid opposition to the Eisenhower Administration to a Bill which would control the economy. For one thing, controls are not viewed by more conservative heads of the Cabinet as an unredial disease, even if such pious voices are not a part of that choice in the Administration's belief that as it is not as the case when the Cabinet is heard to in the form of the Congress and are not matched by the cocksureness of their opinions.

Cooditions Differ
This is a distinct change from some hefty arguments to use against the need for such controls. Mostly there will revolve around the difference between now and in late June 1950, when the fighting started. One of the differences is that there has been a great expansion in industrial plant capacity, probably that is out of the way, and unless the Administration is willing to take the idea of preparing for possible total war, the argument of plant capacity will not recur as stodgy.

Stockpiles of critical and strategic materials are relatively low at present, and the fact that the Administration is working on a program to enlarge those goals for the express purpose of providing the Reserve for buying more raw materials to prevent a price slippage.

Stockpiles of new and modern military equipment are large and growing.

Finally, among the major differences between now and Korea, is the greater capacity of the Federal Reserve System to counter such monetary inflation as might be induced by a scarce buying panic.

In June, 1950, the Federal Reserve System was functioning under the policy of forced pegging of Federal bonds. It was not until the March 4, 1951 accord between the Treasury and Federal Reserve—several months after Korea—that the Reserve System began to build up a buffer, or reserve, out from nursing the government bond market.

Just incidentally, the present consumer viewpoint that the Reserve Board is much less controls-minded than that which was operating just a year ago.

Threatens Political Hurricane
Finally, an active proposal to reinstate the standby controls would create political havoc among some Congressmen. Some Congressmen, following should thus be proposed any time before the November election. In view of the already precarious state of GOP Congressional hopes, it is something which the Hill leaders will advise against taking up at all costs.

In view of the fact that the Administration wants first to go in with air and sea operations and not avoid land operations initial¬ly if possible, the council which the Capitol will give the President will be to let the whole controls question ride until January, assuming we get embroiled in a little war in Southeast Asia.

January is too far away to think about much. It doesn’t follow that Democrats as such will automatically go for controls if they win the Congressional elections. Harry Truman was far from enthusiastic about controls immediately after Korea, but took refuge in them after some Republicans helped him into it by criticizing him for not having price controls.

It will not necessarily happen, but it could work out that the Democrats might consider it better political strategy to hold off on controls for a while.

Lose Bill
“According to Plan”
It has now been proved that with the precipitation of the Great Housing Scandal of 1954, consideration in Senate commit¬tee of the Administration’s housing bill proceeded “ac¬cording to plan.”

The “plan,” however, has not been the White House plan. It has been the pattern of conduct which is almost inevitable in a legislative body when confront¬ed with alleged abuses of a quasi-public program. It moved to legislate future bills out of existence by tightening up on FHA with respect to those abuses, too easy credit under the home modernization program and to prevent "mortgag¬ing out" under FHA.

Meanwhile the Administrator of the Housing and Home Fi¬nance Agency and his aides have been providing the amusing spectacle of running up and down the country making speeches to any one who would listen; about what a wonderful institution is the Federal Housing Administration, and how these abuses after all are, per¬centagewise, insignificant. They saw, perhaps too late, what was going to happen to their bill.

Finally all of the Admin¬istration’s program as such has been torn to shreds by the Senate Banking Committee report. The possibilities are, from a failure of the entire pro¬gram, to perhaps persuading the House to forget what it passed and the Senate to forget what it will soon pass, and take an entirely-new bill, one which will have to be entirely re¬written in conference.

On the other hand, the Sen¬ate Administrator, who in a man¬ner of speaking, had been at the political mopshies who have been hitting, hasn’t been consist¬ent about tightening up. The committee proposed an entirely new innovation with respect to some FHA loans, that home buyers could also borrow the down payment. They also pro¬posed to finance trailer homes under Title I.

Would Fight Government Competition
On the principle of nature that once a pest is established there develops a pest which eats that pest, Rep. Frank C. Omer¬ser (R., N. J.) has proposed that there be an “Anti-Government Competition Board” to watch¬dog and recommend ways of getting government out of busi¬ness.

[This column is intended to re¬fect the "behind the scene" inter¬pretation from the section’s Capitol, and may or may not coincide with the ‘Chronicle’s’ own views.]

Business
Man’s
Bookshelf


Republic Steel: Plants and Facili¬ties—Republic Steel Corpora¬tion, Republic Building, Clevel¬and, Ohio (paper).


John Germain With Troser, Singer Co.

John P. Germain Troser, Singer & Co., 74 Trinity Place, New York 6, N. Y., has announced that John P. Germain has joined their organization. Mr. Germain has been the past for many years was with J. Arthur Warner & Co.

Two With Smith, Clanton 
(Two With Smith, Clanton, GREENSBORO, N. C. — Mabel P. Murray and Ruth McKeery have joined the staff of Smith, Clanton & Company, Southeastern Building.

Concession to Members N.A.S.D.

We suggest to investors seeking a high and potential growth

SNAP-ON-TOOLS CORPORATION
CAPITAL STOCK

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Investment Securities
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HUBBARD 2-1900

The Commercial and Financial Chronicle . . . Thursday, June 3, 1954