EDITORIAL

As We See It

In all current discussions of international trade and finance "convertibility" has come to be a word to conjure with. Of course, the word does not mean what it used to mean in the old days when the gold standard was all but universal. What is more to the point, it does not mean (as ordinarily used) what one might quite reasonably expect it to mean. At least such seems to be true when the word is used in many of the proposals and discussions abroad about early return to or conversion. But the Pickwickian sense in which the term is so often employed today in serious discussions does not appear to trouble the enthusiasts very much. According to a great many, seemingly, convertibility plus "trade not aid" would bring almost immeasurable blessings to all the world.

What these idealists think they are saying, apparently, is that if all the countries of the world would reduce their tariff duties to some reasonable level, abolish all trade restrictions, and foreign exchange controls, "multilateral trade" would flourish like the green bay tree with attendant benefit to us all. If various other appropriate actions were taken to support such a program as this—and the several countries of the world could gain their own consent to stick to their guns when the going got rough—there would, of course, be reason to share a good deal of the enthusiasm of the advocates of general convertibility.

False Ideas

The trouble with many of these glowing statements is simply that they are based upon false ideas as to what is being planned under the new

Continued on page 27

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Continued on page 26

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QUESTIONS OF TRADING POWER

THE SECURITY I LIKE BEST

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

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

F. H. McGRaw & Company


F. H. McGRaw & Company is the incorporator of F. H. McGRaw & Company, Inc., and is conducting a general construction business in offices in Montreal, Canada. McGRaw holds a controlling interest in the new company, and is chairman of the board. The incorporation of Canada should be completely profitable for F. H. McGRaw & Company because of Power Corp.'s controlling interest in a large company dealing in oil, paper and chemical companies situated in Canada. Wholly owned subsidiaries of F. H. McGRaw & Company include Canadian McGRaw, Ltd., McGRaw & Company, Ltd., and McGRaw & Company, Ltd., in London, England.

Contracts which F. H. McGRaw & Company have received from the leaders of American industry offer recent evidence that this organization is moving head-on with them toward building a greater and more productive country.

The utilization of F. H. McGRaw & Company of Dec. 23, 1933 as was follows:

<table>
<thead>
<tr>
<th>Shares</th>
<th>Par Value</th>
<th>Preferred Stock $10.00</th>
<th>Common Stock $1.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>9,000</td>
<td>$90,000</td>
<td>$90,000</td>
<td>$15,000</td>
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</tbody>
</table>

There are outstanding at the present time warrants to buy 25,000 shares of common stock at $35 per share (not yet exercised) at $5 per share. The preferred stock is callable at 50 to 55. The preferred stock has a per share dividend of $5. This amount is payable quarterly on the 15th of January, March, May, July, September, November, and January. The preferred stock is non-voting. This share price is high as compared to the dividends which are paid.

F. H. McGRaw & Company grew and prospered through the difficult years between 1895 and 1940. Big jobs, small jobs, tough jobs of all kinds followed the first two and developed the company's record for veracity and enterprise for imaginative conception and efficiency of execution of jobs of extraordinary variety including steel mills, paper mills, pipe fabrication, coal preparation plants, office building, radio stations, airports, power stations, hospitals, etc.


The home office of McGRaw is in Hartford, Conn., with offices in New York City, Pittsburgh and Chicago.

Recently the Power Corp. of Canada, Ltd., and F. H. McGRaw & Company underwriting firms and members of their families at the public offering price of $30 per share. There were 1,230 shares of common offered at $13 per share, of which 214 were held by the company.

The company actually retained cash in the amount of approximately $350,000 for working capital. Capitalization after giving effect to the underwriting is as follows:

<table>
<thead>
<tr>
<th>Shares</th>
<th>Par Value</th>
<th>Preferred Stock $10.00</th>
<th>Common Stock $1.00</th>
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<tbody>
<tr>
<td>8,000</td>
<td>$80,000</td>
<td>$80,000</td>
<td>$16,000</td>
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</table>

The stock value of common was $2.81 per share after allowing $25 per share for Preferred stock (not yet exercised) and $75 per share for Class "A" stock. Gross operating conditions for the year 1933 have been good, and net income for the year 1934 has amounted to $890,600 and net income for the year 1935 is expected to exceed $1,000,000. Net income for the year 1933 was $132,272,178 mostly on a fixed basis. Net income for the year 1934 amounted to $725,537.9. For the year ending Dec. 31, 1934 income was comprised of $214,000 and $21,000, respectively. This income is expected to exceed $250,000 and $25,000, respectively. The firm was organized in May 1934. In 1935 the firm was in the process of organizing the American Smelting & Refining Co., of which the company has a controlling interest.

In May 1940, by amendment of the certificate of incorporation, the capital stock of F. H. McGRaw & Company was reclassified so that the Class "A" shares of common purchased from F. H. McGRaw & Co. by J. Metz McGRaw were retired and the 1,230 shares of Common stock then remaining outstanding were reclassified into 100,392 shares of Class "A" stocks of a par value of $3.75 per share, 75,000 shares of Common stock of a par value of 90c per share and 75,000 shares of Common stock of a par value of 10c per share. Beginning Dec. 31, 1933, and simultaneously there was no longer any preferred stock, and the preferred stock, without par value, and an additional 250,000 shares of Common stock were offered for sale at 10c per share.

In May, 1946, the company sold through certain underwriters 30,000 shares of $1.50 dividend preferred and 125,000 shares of Common stock of $50,000 par value. The shares of Common stock were offered for sale at 95c per share, and 28,000 shares of common were sold to members of the company.
The decline in business which began in the middle of 1953 appears to have pushed momentum devices and a considerable volume of statistical evidence suggests that production, incomes and employment are leveling out at a plateau only moderately below the high levels attained last year.

It is of the greatest importance that the recession has shown no signs of degenerating into a spiral of deflation, that the Administration has so far prevented any excesses in some crucial counterdeflationary stimuli but has wisely refused to be panicked into big deflating, and that the management of business enterprise properly regards the current recession as but a period of reorganization for another great period of economic growth.

Conditions are propitious for expansion growth in the U.S. economy for the revolution now under way in productive technological promises to provide a deep, powerful and sound basis for continued growth. We are in a fabulous period when scientific innovation and invention, industry, agriculture, metallurgy, medicine and education are mobilized into an amazingly productive process. The rates of progress in all these fields are rapidly accelerating and the momentum is such that we are presented with an historic opportunity to lift our productive and service capacities to a level unprecedented, with some limits undo, and perhaps beyond, the forward looking.

For business and industry: A steady diet of tax reduction to provide vigorous support for investment, confidence and stimulation will guarantee that every branch of the highly important construction and capital equipment industries.

For agriculture: High, though flexible — price supports, additional tax relief for soil conservation, and stockpiling of temporary surpluses.

For consumers: Tax reduction, social security and labor measures to increase disposable incomes.

For foreign aid: Continued growth of large-scale military and, therefore, economic assistance, and tax stimulus as well as administrative government guarantee of soundness of the basis of private foreign investment.

For money and banking: Policies aggressively expansive in periods of retrenchment and readjustment, and at all times sufficiently stimulative to support the long-range growth of the economy.

For government expenditures: Restraint, except during periods when the national interest calls for it, and the use of government guarantees to support a high and rising level of expenditures for public works.

In general this program provides for pump priming, drastically easy money and deflationing only when necessary to prevent a deep depression. On the other hand, it assumes that confidence stimulation, tax reduction, government guarantee of private credits, easing of regulations and continued expansion will be used to perpetuate prosperity and stimulus growth in the economy.

After a long boom in business and a pronounced inflation in prices. These economic measures... Continued on page 34.
Giving Credit to Canadian Consumers

By IRA U. COBLEIGH
Enterprise Economist

A provincial, current report on consumer credit in Canada; together with short (non-interest bearing) on three inter- esting and progressive developments.

Consumer Credit is such a common commodity here in the U. S. that we may take it for granted, but that we perhaps never pause to consider how it has been either less or more possible, than in past years.

In 1914 the Federal Reserve Bank of St. Louis published a book, "A Guide to the Consumer Credit Industry," which was the result of an extensive study of the subject. The report was a valuable contribution to the literature on the subject, and it was widely used as a text book. The book is now out of print, and it is difficult to find a copy. However, a copy of the report is available online through the Federal Reserve Bank of St. Louis's website. The report contains a wealth of information on the history of consumer credit, the development of the industry, and the various factors that have influenced its growth.

The report includes a discussion of the various types of consumer credit, such as installment credit, revolving credit, and charge accounts. It also discusses the various methods of extending credit, such as the use of credit cards, charge accounts, and revolving credit lines. The report also discusses the various factors that influence consumer credit, such as the economic conditions of the time, the availability of credit, and the level of consumer confidence.

The report also contains a discussion of the various regulations that have been put in place to protect consumers from unfair lending practices. It includes a discussion of the various state laws that regulate consumer credit, as well as the federal laws that have been passed to regulate the industry.

The report concludes with a discussion of the future of consumer credit. It predicts that the industry will continue to grow, and that new types of credit will be developed to meet the needs of consumers. The report also predicts that the industry will become more regulated, and that consumers will have more protection from unfair lending practices.

In conclusion, the report is a valuable resource for those interested in the history of consumer credit and the development of the industry. It is a must-read for anyone interested in the future of consumer credit.
Investment Opportunities

By A. WILFRED MAY

Calling attention to the broad advantages from capital investment in solving the social as well as economic problems, Mr. May calls attention to the great incentive of the large investor. Lists tax advantages, and various industries and firms which have moved in thereunder. Details the unfinished capital-attracting program still required.

SAN JUAN, PUERTO RICO.—The potential investment opportunities here are among the most promising in the social and economic problems of the various world. For, as indicated in last week’s article in this space, a major potential for solving the immigration problem in industrialization and a number of other standard-of-living raising schemes exists here on the Island. Fortunately, capital investment is being encouraged in a number of promising ways.

First, there are a number of important tax advantages inuring to the benefit of the large investors and foreign businessmen and investors.

Unlike their incidence on Hawaii and Alaska, the tax advantages do not apply in Puerto Rico. Tariffs, however, are the same as for the mainland, but are directed toward attracting investment. Unlike the exemption from taxes, unlike investor advantages offered in other countries (see Turkey, Iran, Greece), the tax exemption is directed toward specific areas of industry.

Puerto Rican residents are, of course, subject to taxes of the Commonwealth; but they are considerably below their Federal counterparts—the corporate maximum being 35%, and individual income taxes similarly ranging lower.

Of the greatest importance: in this field is the so-called Tax Incentive Law, first enacted in 1947 and importantly extended as of Jan. 1, 1964. Complete exemption from all taxes, including corporate profit taxes, of any investment in manufacturing is enjoyed by Puerto Ricans for 10 years, after that period a flat 10c amount.

The law also covers a wide variety of other investments including utilities, housing, and tourism.

The Steady Progress of the Commonwealth

In addition to the Commonwealth law, there are other helpful offered to Mainland capital. The Commonwealth Development Bank extends long-term loan of 10 years to new manufacturing industries. The interest is very low.

Recently, the law has been further expanded to include tourism.

Again, of no small help is the Economic Development Administration with offices here and in the mainland states to recruit and train labor.

New Arrivals

Havana—There has been a wave of the last 30 years of some inflow of capital here, principally in sugar, banking and insurance.

But an intense acceleration occurred in this period with the institution of tax favors and with the policy of generally encouraging industrialization. Approximately 312 new industries have thus started, with the speed-up especially in the last two years. In the last four or five years, the number of tax-favored companies has increased to more than 100. New ones include new railroad companies, with the help of the Government.

And the tax system has been extraordinarily simple—according to this year, with the help of the Government.

The Federal Reserve Bank of St. Louis

[Image]
New Factors in the Stock Market

BY WILLIAM WITHERSPOON
Investigator, The St. Louis Post-Dispatch

Investment analyst, noting radical changes in the composition of the stock market during recent months, holds greater institutional investing in common stocks must be recognized. Because of the continuing trend of long-term buying, funds flowing supply of stocks reduced—factor in the stock market. It is a major increase in new common stock offerings, and concludes investments in common stocks can still be made with consideration of long-term appreciation.

The stock market has traced a long upward channel since early last year. In the past nine months it has advanced and has reached a new high. It is one of the great market surges of all time. This recovery is being preceded by a dramatic increase in institutional buying. This buying is a major factor in the increase in the stock market. This buying is being made by institutions such as banks, insurance companies, and retirement funds. These institutions are investing more money in stocks. The result is a increase in the supply of stocks available for purchase. This increase in supply is being met by an increase in demand. The result is a rise in stock prices.

There are several factors that have contributed to this buying. One is the improvement in the business outlook. Business conditions have improved and this has led to an increase in the purchasing power of consumers. Another factor is the increase in the availability of funds. The Federal Reserve has lowered interest rates, which has made it cheaper for institutions to borrow money. This has led to an increase in the amount of funds available for investment. Another factor is the increase in the amount of money available for investment. This is due to the increase in the amount of money in circulation and the increase in the amount of money in savings accounts.

The result is a increase in the supply of stocks available for purchase. This increase in supply is being met by an increase in demand. The result is a rise in stock prices.

In conclusion, the stock market is experiencing a major increase in institutional investing in common stocks, which is likely to continue in the future. This increase in institutional investing will be a major factor in the future performance of the stock market.
The Background of Treasury Debt Management

By ROBERT P. MAYO
Chief, Federal Reserve Bank of St. Louis, Economic Research Department

Debt management expert of Treasury Department explains problems relating to Treasury borrowing. Points out debt management involves more than just the technique of raising whatever funds are required. The policy of handling of government debt also involves handling of tremendous volume of maturing obligations. Reveals current distribution of national debt, and calls for improved coordination of Treasury and Federal Reserve policies.

The financial program of the United States Government is designed with the purpose of working toward a stable condition of public finance which is essential for the future development of the country. The Treasury has been an important part to the economy in recent years, and the management and coordination of public finance, and through recognition of the important part that individual and institutional investors and the monetary and credit policy can play in the solution of these internal inflation or deflation.

The focal point of Federal Government finance, of course, is the national debt, and one of the most important functions of the Treasury Administration is the effective control of this debt. In 1944, Secretary of the Treasury William H. Woodin, in his address to Congress, emphasized that Treasury operations in 1944 would be more active than ever before. In the year 1954, the size of the national debt was approximately $150 billion, reflecting the tremendous increase in the national debt since 1941.

The Treasury's ability to raise revenue by taxation is essential to the national budget, and the length of the time period over which the Treasury must finance its operations is a major factor in the overall budget. The Treasury is responsible for the overall management of the national debt, and this involves not only the determination of the amount of debt to be issued, but also the timing of the issuance of this debt.

The Treasury has been successful in maintaining a stable condition of public finance, and this has resulted in a stable condition of national debt. The Treasury has been able to maintain a stable condition of national debt by careful planning and coordination of its operations. The Treasury has been able to maintain a stable condition of national debt by careful planning and coordination of its operations.

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To Expose Hypocrisies of Communist Movement

New course at Stetson University, made possible by gift from
Charles E. Merrill, will be concurrently included in examination of
American ideals and institutions.

DeLAND, Fla., July 6 — In a
double-barreled effort aimed at
destroying the blind spots in the
Communist movement while
"clearing off" that "purkinium" that
stifles inquiry and free thought the
American Education Foundation has
recently set up a new course that will
be included in an examination of the
American ideals and institutions.

Merrill, whose gift made the course
possible, made the following statement:

"We intend American Studies to be
a part of the training of all high school
students, especially those who are pre-
paring to teach in the public schools,
President Edmunds said. The new
course will lead to a bachelor's degree
in American Studies.

Creation of the new department was
made possible through an
initial $45,000 gift by Charles E.
Merrill, directing partner of the
national brokerage and underwriting
firm, Merrill Lynch, Pierce, Fenner & Beane. Mr.
Merrill, judging by the emphasis given
his name, was well pleased with the
appointment of J. Ollie Edmunds, President
of a special convocation of upper
high school students at the university today.

"We intend American Studies to be
a part of the training of all high school
students, especially those who are pre-
paring to teach in the public schools,
President Edmunds said. The new
course will lead to a bachelor's degree
in American Studies.

Creation of the new department was
made possible through an
initial $45,000 gift by Charles E.
Merrill, directing partner of the
national brokerage and underwriting
firm, Merrill Lynch, Pierce, Fenner & Beane. Mr.
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Charles E. Merrill

J. Ollie Edmunds, President, at a special convocation of upper
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American Equitable Assurance Company—Analysis—Flew&
Co., 453 South Spring Street, Los Angeles 13, Calif. Also
available are analyses of Globe & Republic Insurance Com-
pany of America, Metropolitan and Manufacturers Insurance
Company, New York Fire Insurance Company and special
reports on Firemen’s Insurance Company of Newark and
The Home Insurance Company of New York.
Wall Street, New York 5, N. Y. Also available are reports
on Southeastern Tobacco, Shell Oil Company, Golden Mines
Ltd., Whiting Corporation, and Bullock’s Inc.
Anaconda Copper—Survey—Peter P. McDermott & Co., 44
West Street, New York 5, N. Y. Also in the same bulletin
are surveys of General Railway Signal, American Bosch,
Transactions in Clearing Currencies

By LACY KUX

Manager, Foreign Department, American Nide Company

International monetary expert explains how transactions in clearing currencies, which now affect the world's foreign trade, have become recognized means of overcoming dollar and sterling shortages, and contributed broadly to postwar reconstruction. Decrying suspicions of black market and manipulation, the speaker emphasizes the clearing currencies an "economic safety valve."

Legal Development

As is well known, every Clearing Transaction is different. Would it have the facility of conversion, so Clearing Dealers will have to exist. Clearing cur rent is spread across the world by Central Banks and/or governments who are unable to equalize the deficit of their foreign trade by hard currency, by gold. In order to make the flow of goods to and from their countries governments have concluded bilateral trade treaties in which exports and imports of worth are compensated in accounting form. They cannot demand their monetary system under strict and rigid regulations have a free currency but apply strict controls on exports and imports, permits are necessary to export or import. They buy and sell deals, permits require the counterpart the utilization of clearing balances.

Therefore, at the inception of the Clearing deal a permit issued by the Central Bank or an equivalent institution. The Central Bank, wherever it exists, is the Supreme currency authority of a country, its foreign exchange and import or export licenses legalize the deal from the beginning.

On the other hand, the deal is another Central Bank license or its equivalent, as the Clearing transaction has two or more licenses a given purpose for the performance of the merchandise movement.

Clearly, the rules regarding such operations have undergone constant modification, purely economic or commercial problems which arise regularly in every case. The laws have been published to include numerous shipping documents, customs invoices, certificates of origin, certificates of origin and the like, which are necessary for the finalization of Clearing operations. All these regulations have legal force, but they are not the product of parliamentary procedure, they are from time to time being defined and often lack accuracy. The single case of a deal's nature is often part of the monetary or trade policy which governments have, in order to change if circumstances require such an action.

Trader and Legality

The trader has one major aim. He does not want to lose money. He must therefore deal only would jeopardize a whole operation, a bank or a company's mobile capital, cause large losses and possibly drive the company to liquidation. He, therefore, complies to the best of his and his correspondents' abilities with the regulations in order to avoid trouble. As an added point, Clearing dollars are the object of Clearing operations amounting to an immense value; it is necessary to believe that most of the deals' major supply or unobtainable surplus positions could not be sold in direct bilateral Clearing. We, the Clearing Dealers, have to help move the merchandise legally and in full day for all the operations by supplying or using the Clearing currency.

Central Banks, according to the skill of their management, have learned not only to respect the Clearing Dealers, but have admitted that without Clearing, the world's economic reconstruction during the postwar period would have been materially retarded.

Therefore, all mumble about black market and manipulation of Clearing operations more or less, in the wrong. The discount rates of Clearing currencies, known to every Central Bank, could have been outlawed. But they were not. On the contrary, with intelligent Clearing administrative authorities have not taken only on dealing in Clearing balances, but have given major help to their performance. And as black market dealings are only operations that are outlawed by currency authorities, I cannot say Clearing businesses, favored and furthered by Central Banks, should be outlawed.

For this reason, let us drop all the black market dealings, the others, at best, material for traders' comic books, but not for Clearing dealers to know trade and Clearing ethics and regulations.

Applied Legality

I wish to speak to this so highly competent audience about the "Legality and Clearing Transactions," if I could not illustrate my firm's and my philosophy by a classic example of cold facts; an example involves the sale of gold, shipped, cleared and paid in a three-cornered operation of the authorities of one European and one African country and the operation of one large public utility company of Italy had to renew its stock of bituminous coal. The concern, unable to pay in U. S. dollars, asked dealers all over the world for firm offers of the coal.

But, such a situation should not allow that an import license for the coal could be best obtained if the Italian Foreign Exchange Control Authority, which allowed the clearing pond, had to be made against payment in U. S. dollars.

A highly skilled New York coal exporter, eager to make the transaction, contacted my firm. He asked about the marketability of the large amount of clearing pond against payment against U. S. dollars. We, the American Nide Corporation, immediately investigated all legal and technical aspects of the transaction. Having affiliates in Italy, we were able to contact the Italian Foreign Exchange Control, which is a service of the National Bank of Egypt. We obtained a license to receive approximately 100,000 Egyptian pounds from the Italian Clearing balance and to utilize the amount within a framework laid out for us by the Egyptian Foreign Exchange Control.

Moving Within the Law

The official assurance of Cairo's monetary authorities led us to the Italian-Egyptian Clearing pond, enabled us to make the business for several days, to the American coal firm, and our clients to offer coal to the Italian-Egyptian Clearing pond. The traders, facing competition abroad, as well as in Italy. The Coal was shipped from the United States to U. S. coal and foreign coal could not compete at all, because the Italian and Egyptian authorities had the receivable approximately 100,000 pounds the deal was obvious.

The bil-lateral trade agreement between the Italian and Egyptian Republic required Italy to buy all the coal from the United States, in order to match specified Egyptian purchases from Egypt. The trade treaty was not a barrier agreement. It was based on the use and the clearing pond of clearing currencies, in this case Egyptian pounds, expressed as "Egyptian-Egyptian Clearing pond."

When Egypt had exhausted the so-called "selling" or listing fixed in the agreement and her Clearing credits were low, she had reached sizable proportions, trade between the two countries was a complete stand-still. And Italy's unused Egyptian Clearing pond were simply frozen in Italy.

The American Nide Corporation, considering the economic aspects of the operation based its planing the transaction on the thought that, Italy as well as Egypt, had a mutual interest; to make definite use of the front Clearing pond. Italy needed them for the legal coal imports from the United States, thus saving her precious dollars. Egypt, permitting their transfer within the frame of its Clearing regulations, would increase the value of her cotton, which otherwise would not have moved and would at the same time reduce her Clearing debt to Italy.

Practical Operation

The mechanics of the transfer the foreign currency were solved by Italian public utility concern had accepted the offer to ship 50,000 tons of American coal from the New York exporter. It had arranged a license from Italian Foreign Exchange Control, permitting the payment of the coal with Italy's blocked Egyptian Clearing pond. Based on this license, a letter of credit in these pounds was opened by one of the largest Italian banks, with the favor of the American Nide Corporation in New York. This irreverent letter of credit was confirmed to us specifically by the Italian Bank.

The American Nide Corporation, in turn, immediately opened a letter of credit in U.S. dollars in

Continued on page 28

Lacy Kux

July 8, 1954

7,144 Shares
The Bullard Company

Common Stock

[$10 par value]

Holders of the Company's outstanding Common Stock are being offered the right to subscribe at $32 per share for the above shares at the rate of one new share for each 5 shares held of record July 7, 1954. Subscription Warrants will expire at 3:30 P.M., Eastern Daylight Time, on July 21, 1954.

The several Underwriters have agreed, subject to certain conditions, to purchase any unsubscribed shares and, during and following the subscription period, may offer Common Stock as set forth in the Prospectus.

The Prospectus may be obtained in any State in which this announcement is circulated from such of the designated local Underwriters, or brokers as may lawfully offer these securities in such State.

Merrill Lynch, Pierce, Fenner & Beane

Hornblower & Weeks

White, Weld & Co.

Glencoe, Fogg & Co.

Harriman Kiley & Co.

Kidder, Peabody & Co.

Smith, Barney & Co.

Coffin & Burn

Estbrook & Co.

Putnam & Co.

G. H. Walker & Co.

Incorporated
THE MARKET... AND YOU

BY WALLACE STRETTE

Industrial stocks lost a bit of a big ali but virtually none of their momenta this week, which normally leads to some nervous trimming of commitments, both before and after, failed to jar confidence and cut the gains that have just as much vigor.

Even the intervention of the long holiday weekend, which normally leads to some nervous trimming of commitments, both before and after, failed to jar confidence and cut the gains that have just as much vigor.

Pivotal Issues Again

It was again largely the same familiar names that did the best work yesterday. The General Motors, Douglas Air, du Pont and Monsanto Chemical plus some newcomers to the leadership circle such as National Lead, Radio Corp., National Dairy and ACF Industries. The leadership circle could mean that the long awaited broadening out of interest might be starting to get under way but the evidence is still inconclusive and the market is still a highly selective market.

Douglas in particular was the star of this week in anticipation of a forthcoming earnings statement that is almost certain to be read as a reading for its followers. In one session alone the issue was able to add half a dozen points at a time when it was expected to take a rest after slipping work throughout the upthrust climb.

With the steel companies' trouble satisfactorily settled, and the additional cost of the settlement promptly passed along to consumers of the metal, the shares were in enough favor to do some impressive work. U.S. Steel notably including a new high.

There was once an adage that the motors made their high half a year before a market topped out, and that the steel duplicated the feat only toward the end of the run. But this, like many of the other old market traditions, has gotten somewhat rumpled by the unorthodox manner of the present market. Not the least of the confusions is that General Motors decided to forge into new high territory simultaneously with U.S. Steel.

Pacific Mills was something of a guessing game of its own as the fate of an offer for the stock at a price considerably above the market remained in doubt. It made a couple of several points on a couple of occasions, but it wasn't particularly successful in holding it up by selling points by selling points. In. To illustrate the low estate of the textile stocks generally, even the 445 offer wasn't sufficient to lift the issue to with in half a dozen points of that figure, which left the 1929 peak at a healthy margin. The Dow industrials usually negotiated at a fairly large price concession, which would be a sort point of covert liquidation.

In addition, the mid-June reaction that carried, at the extreme, to a mere 10 points was much too mild to qualify as a full-scale secondary correction. It was also too brief, being followed by a rebound to new high ground without any pause to consolidate.

Soft Spots

Apart from secondary and speculative issues, there have been plenty of soft spots around, well obscured by the performance of United Fruit, which ended a rather long period of being stuck in the doldrums with a good recovery move once the Guatemalan situation came to a head, was clipped back rather sharply when the government started an anti-trust action against the firm.

For an exceptional feature, the petroleum issues generally have been in a rather protracted rut due to high inventories and expectations of price cuts. These shares have yet to build up a following despite predictions for several years now that they are about to turn the corner. Independent auto makers and auto supply firms generally have done little with any real conviction. The rails have shown small disposition to exploit their break-through into new high ground for too many degrees of time, and they are at a level less than half that reached in the 1940 rebound, still a number of points or so above the best marks reached in 1952 and 1953. This is in sharp contrast with the lofty levels attained by the industrial average.

Paper stocks along with the chemicals, aircrafts, steels and non-ferrous metals, electrical equipment and selected machine tool makers did the bulk of the job to keep the advance going. The tobaccos, which suffered somewhat drastically after recent health surveys, are still technically prominent on strength but were somewhat more stable than has been their recent role. Indications point to sales finally picking up slightly over last year when a halt to the long-term upward trend set in.

[The views expressed in this article do not necessarily at any time reflect the views of The Commercial and Financial Chronicle. They are presented as those of the author only.]

Glore, Forgan Sells Baltimore & Ohio Bonds.

Glore, Forgan & Co., New York City, has placed privately with a group of institutional investors $60,000,- 000 of collateral trust 4% bonds, series A, due Jan. 1, 1965, of the Baltimore & Ohio RR. These bonds had been previously purchased from the Reconstruction Finance Corporation which had held $7,485,000 of these bonds.

The difference of $4,585,000 principal amount were taken up by the railroad at par.

With Pacific N'west Co. (Special to The Commercial and Financial Chronicle)

SEATTLE, Wash. — George W. Bateman has been added to the Pacific Northwest Company, Exchange Building.

McCoy & Willard Adds (Special to The Commercial and Financial Chronicle)

BOSTON, Mass. — Arvid S. Wahlstrom is now with McCoy & Willard, 20 Federal Street.

Richard L. Morris

Richard L. Morris passed away at the age of 76. Prior to his retirement, he was a member for many years a partner in Hayden, Stone & Co.

With King Merritt & Co. (Special to The Commercial and Financial Chronicle)

MINNEAPOLIS, Minn. — Ed C. Bahmane is now associated with King Merritt & Co., Inc.

Minneapolis Assoc. Add

(Based on The Commercial and Financial Chronicle)

MINNEAPOLIS, Minn.—Earl K. Lowry and Matthew A. Norcia have been added to the staff of Minneapolis Associates, Inc., Rand Tower.

Joins Smith, LaHue

(Special to The Commercial and Financial Chronicle)

ST. PAUL, Minn. — Elmer F. Smith has joined Smith, LaHue & Co., Pioneer Building.

Two With A. G. Edwards (Special to The Commercial and Financial Chronicle)

ST. LOUIS, Mo.—Paul C. Gulfigon, Sr. and John A. Ladd, Jr., have joined A. G. Edwards & Sons, 409 North 6th Street, members of the New York and Midwest Stock Exchanges, Inc. Ladd was previously with Fusz-Schneita & Co.

Now With Paine, Webber

(Special to The Commercial and Financial Chronicle)

CLEVELAND, Ohio—Henry C. Cooke has become associated with Paine, Webber, Jackson & Curtis, Union Commerce Building.
A Labor Program for Full Employment

By Solomon Barkin

Director of Research
Textile Workers Union of America, CIO

Labor economist scores what he terms the "treatment of political economy" in the recent pronouncements of the Fed. Holds government must underwrite full employment, and claims 'unemployment is intolerably high.' Reviews factors which have precipitated current situation and to which recovery to full employment can be expected. Advocates as needed to stimulate greater purchasing power: (1) increase in minimum wage to $1.25 per hour, (2) social security, (3) liberalization of unemployment benefits; (2) increase in income tax exemption to $500, and (4) repeal of Taft-Hartley Act.

This country is divided on the level of employment which we shall tolerate and on the responsibility of our Federal Government in that regard. This is not a new controversy. It is one which has recurred in our country during the postwar years. The attack on the "welfare state" and "postwar liberalism" is not for taking the government out of economics but for ensuring that it will not be a palliative in an economic matrix. The men who support this view have issued their challenge and the Administration has rejected it. The Employment Act promulgated in 1946. The Employment Act as adopted merely demands that the government "cooperate in the curtailment of unemployment and in the maintenance of employment at a high level consistent with the full development and utilization of the country's resources, including orderly adjustment of employment in the areas which are affected by severe regional difficulties or deficiencies in opportunities and the substandard levels to be eliminated. But also to set the guidelines for legislative and administrative action on the basis of a growing, fully-employed economy in which standards of living are being constantly raised. Our economic prowess was to be translated into a safer life. The depressions in our opportunities and the substandard levels were to be eliminated. But this was merely to set the guidelines for legislative and administrative action on the basis of a growing, fully-employed economy in which standards of living are being constantly raised. Our economic prowess was to be translated into a safer life.

The latter has rejected the philosophy of the Employment Act. The Chairman, who assumed that the Council had not only to follow our current economic developments, but also to set the guidelines for legislative and administrative action on the basis of a growing, fully-employed economy in which standards of living are being constantly raised. Our economic prowess was to be translated into a safer life. The depressions in our opportunities and the substandard levels were to be eliminated. But also to set the guidelines for legislative and administrative action on the basis of a growing, fully-employed economy in which standards of living are being constantly raised. Our economic prowess was to be translated into a safer life.

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Tax Reduction as Stimulus to Employment and Economic Growth

By GEORGE G. HAGEDORN
Assistant Director of Research
National Association of Manufacturers

In discussing the question of the form of tax reduction that is likely to provide the greatest economic growth stimulus, the National Association of Manufacturers economist contends that, although as far as immediate effects on employment are concerned, the farthest reduction in the form of lower taxes on income would be more lasting and more beneficial to employment and economic growth.

One school holds that tax reductions, in order to be effective in stimulating employment and to long-term economic growth. But there are two schools of thought on the question of the type of tax reduction is likely to be most beneficial.

The first school holds that tax reduction should be aimed at stimulating consumer demand through the provision of added purchasing power in the hands of consumers. They thus favor reductions of personal taxes in preference to business taxes, but they both favor reductions of rates on middle or higher incomes. Conversely, adherents of the second school argue that tax reductions of personal taxes are likely to lead to cuts in capital expenditures and hence to reductions in the capital expenditure level in the future.

The second school believes that the lower tax rates reduce the corporation tax rate, more liberal allowances for depreciation, etc.

One school believes that tax reduction has its stimulating effect on production, if any, because of other policies about labor, or unemployment, which may cause the reduction to be not at all effective if the economy's productive resources are already in full use. Under these circumstances the added stimulus for buying meets no added supply of goods to be bought. The only result can only be to stimulate increased money incomes, to increase the price level, and hence to increase the cost of living. Therefore, if income is already in full use, there is no stimulus at all.

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First Stage Effects of Various Forms of Tax Reduction

I. Reduction in personal tax rates

Increase in the income after taxes of individuals, leading to either:

- decrease in demand for goods
- or B. increase in saving by individuals, taking the form of either:
  1. Consumer Spending
  2. Paying off of outstanding debts
  3. Increase in holdings of cash

The Commercial and Financial Chronicle... Thursday, July 8, 1954

The Flow of Income

III. Reduction in corporation taxes

Increase in the net profits after taxes of corporations, leading to either:

A. Increased dividends, leading to an increase in the income of individuals, with the same effects as under #1.
B. Increased retained earnings, taking the form of either:
  1. Increased investment
  2. Paying off of outstanding debts
  3. Increase in holdings of cash

would not be at all amiss, since the great gains have lagged behind the rise in income in recent years. In the 1920's dividends on corporate income increased considerably, while the corporate income increased only two of them, it might for example take the form of an increase in dividends, or increase the form of a reduction in the progressive income tax rates, or decrease the income tax minimum.

If the corporation decides to retain the amount that it saved through tax reductions, an additional increase may lead to savings in equipment, machinery, etc; it may be used to reduce the dividend for the benefit of the company. The same may be true of the bonus that is retained from the retailed profits. In this case the outcome is likely to be more beneficial to the company, or the investor, who is the company's owner or shareholder.

The two alternatives would be: the first, a return on income in the form of an unproducible form of income. They retain their profits when they need to buy the business necessary for carrying out their activities, or retained earnings, etc. This type of spending stimulates employment in the short run, and contributes toward employment, productivity, a n d to the future prosperity of the business.

Effects of Tax Reduction on Incomes

The economic effects of a reduction in taxes are not necessarily limited to the reduction in taxes available to taxpayers. On top of that, these effects may also be stimulated to further improve employment, productivity, and the company's future prospects.

There can be no systematic analysis of the effects of tax reduction which are connected with employment, productivity, and the company's future prospects.

It should be emphasized that this effect on incomes is in a broader sense, because it is a general effect on the productive capacity of business enterprises.

Prospects for Investment

Any reduction in the rate of taxation on income from business enterprises can have the effect of stimulating production, investment, and employment. This stimulation of investment is limited to the specific types of tax reduction which are connected with employment, productivity, and the company's future prospects.
IBA Committee Reports on Local Service Air Transportation

Committee, headed by Wm. Barclay Harding, concludes there is strong evidence that air transport industry, as a whole, is not subsidized, but, on contrary, returns a net profit to the Treasury. Sees elimination of air transport rates as aiding in reducing to air transport services. Urges rearrangement of the Government departments and agencies having jurisdiction over civil aviation, and revision of certain rate making procedures by Civil Aeronautics Board. Says present Civil Aeronautics Act is sound in basic principles.

In a special report, released on July 6, on "Local Service Air Transportation and Metropolitan Helicopter Services," by the Aviation Security and Relief Committee of the IBA, the conclusion is that air transport companies in the New York area have a net profit which is probably not less than $2.8 million annually. The basis for this is said to be the charter situations of the companies which have been negotiated and signed tooperate in such cities. The report states that the companies have been granted rights to carry passengers and freight between points where they have been approved by the Civil Aeronautics Board, and that these rights have been exercised in a manner which has resulted in a net profit to the companies.

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Government and the Welfare Concept

By LORD BEVERIDGE
Oxford, England

Prominent British economist, an authority on social security, reviews the welfare concept contained in the "Beveridge Report," which is the British version of the "Social Security Act of 1946. Lists as practical rules in his social security program: (1) benefits should be enough for subsistence and should be given as a right and not as a dole; (2) benefits should be given only on condition of adequate contribution; (3) benefits should cover all citizens for the whole of their lives. Clear, the general method adopted by the countries in this field has also been the same—and of which I presented the report. The Beveridge Report proceeded to three practical rules to be guaranteed for security: (1) the benefits should be themselves enough for subsistence and must be given as of right, not on condition of proving need; means tests, if it became at all general, would discourage individuals from thinking and saving for themselves. (2) the benefits should be given only on condition of adequate contribution. Social Security had to be for. (3) the principles should cover all citizens for the whole of their lives. When the Report was published it became widely described as proposing insurance for everybody from "the cradle to the grave." I have been interested in reading recently Miss Frances Perkins' book on Franklin Roosevelt and her discussion there of the "cradle to grave" phrase and its authorship. I can only say that I am sure that I did not invent the phrase myself and that it does not occur in the Beveridge Report. I am not sure that I ever used it any more than I have used the term Welfare State. It proved, however, that "the cradle to the grave" is not a new idea in 1942 as it has made an appeal to poets from 17th Century John Milton to Samuel Beckett. Far from relying on individual self-help, with the problem practically: "There's a hair here and there. Must be a hair somewhere. Furly, furly, furly. If you do not have hair, you must be a hair. There's a hair here and there. Furly, furly, furly. What's the use of this hair?"

So far as I know provision of free haircuts and shaves has not yet been included in the Social Security program of any country. But short of that and without using the phrase, the Report of the Beveridge British Government in December, 1942 put insurance from cradle to grave on the national purse and practice. It proposed a string of benefits.

The Welfare Concept in the Beveridge Report

My idea of the Welfare State and its role in regard to it, as I tried to put it in the Beveridge Report on Social Insurance and Allied Services, was nearly 12 years ago, is given in an early paragraph of that Report: "Social security must be achieved by cooperation between the State and the individual. There should be no State organization of social security until both the State and the individual should be willing to bear the financial responsibility; in establishing a minimum for each individual, it should leave room and opportunity for voluntary action by each individual to provide more than the minimum for himself and his family."
The gist of the paragraph is that the State should see to it that in return for service and contribution every individual can be sure of an income which is at all times sufficient for the needs of himself and his family. This income should be a minimum only; yet all that most men would desire but something on which they should build in their own discretion for more than the minimum.

Exactly the same idea is set out, for example, in the Message on Social Security sent to Congress by your President last January, in which he proposed a comprehensive system of social security for all workers:

But, in the United States, the Beveridge Report of 1942 became the basis of the National Insurance Act, which was pending in the Senate of the Council of Government in 1946, as accepted and proposed to extend an Act sponsored by a Democratic President in 1935. Just common scale of values in our two countries, the Beveridge welfare stands. **An address by Lord Beveridge at the Dinner Session of the National Industrial Conference Board, 17th Annual Meeting, New York City.**

Government and the Welfare Concept

By LORD BEVERIDGE
Oxford, England

Prominent British economist, an authority on social security, reviews the welfare concept contained in the "Beveridge Report," which is the British version of the "Social Security Act of 1946. Lists as practical rules in his social security program: (1) benefits should be enough for subsistence and should be given as a right and not as a dole; (2) benefits should be given only on condition of adequate contribution; and (3) benefits should cover all citizens for the whole of their lives. The main differences between British and U.S. social security are that one cannot be conferred on men by a welfare State, but must be won by cooperation between the State and its citizens.

The Welfare Concept in the Beveridge Report
My idea of the Welfare State and its role in regard to it, as I tried to put it in the Beveridge Report on Social Insurance and Allied Services, was nearly 12 years ago, is given in an early paragraph of that Report: "Social security must be achieved by cooperation between the State and the individual. There should be no State organization of social security until both the State and the individual should be willing to bear the financial responsibility; in establishing a minimum for each individual, it should leave room and opportunity for voluntary action by each individual to provide more than the minimum for himself and his family."
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**An address by Lord Beveridge at the Dinner Session of the National Industrial Conference Board, 17th Annual Meeting, New York City.**
NEWS ABOUT BANKS
CONSOLIDATIONS
MERGERS
NEW OFFICES,
OPENINGS
CAPITALIZATIONS
| AND BANKERS

William M. Ellis, Harry F. Jones, Jr., J. M. Williams, and Thomas W. McMahen, Jr., have been promoted to Second Vice-President and Assistant Treasurer of the Bank of New York, John J. McCloy, Chairman and President, announced.

At the same time the following were newly-appointed as Assistants to the above named officers:

Byron S. Parker, Assistant, George J. Stewart, Assistant Secretary, and Cornelius Van Putten, Assistant Treasurer. Mr. Van Putten was appointed an Investment Officer, and Hans J. Steuermann was appointed to the official staff as consultant on German and Austrian affairs.

CHASE NATIONAL BANK OF THE CITY OF NEW YORK
June 30, 1934

Total resources 8,191,452,438.40
Deposits 7,781,909,287.21
Cash and due from banks 316,304,901.79
Gilt-edged securities 558,610,580.45
Loans & discounts 3,917,908,552.36
Due from the above 10,000 00
Unredeemed first mortgage bonds 57,500,000.00

Guaranty Trust Company of New York has announced the appointment of Mr. J. E. Van Horn as its new Second Vice-President, Martin F. Shepley, as its new Assistant Secretary, and W. W. Trasker as its new Treasurer, both at the main office, and of H. E. Van Horn as its new Assistant Treasurer and Trustee at the Rockefeller Center office.

GUARANTY TRUST Co. OF NEW YORK
June 30, 1934

Total resources 7,271,630,983.33
Deposits 6,862,587,791.75
Cash and due from banks 362,923,970.01
Gilt-edged securities 450,847,827.84
Loans & discounts 1,386,640,968.84
Due from the above 10,000 00
Unredeemed first mortgage bonds 68,500,000.00

Central Savings Bank, in the City of New York, celebrated the 60th anniversary of its founding on July 1.

In commenting on the occasion Mr. James T. Lee, President of the bank, said: "When the bank opened its doors on July 1, 1904, total deposits amounted to $1,570,000 as compared with $369,235,000.00 at the present time. In 65 years the bank's resources have grown from 44 to 147,612. Since its opening in 1859, the bank has paid dividends without interruption in excess of $250,000,000.

For the quarter ending June 30, 1954—the trustees of Central Savings have declared an extra dividend of 1 2/9% per annum in addition to a regular dividend of 5 7/9% per annum.

Central Savings Bank has two offices in Manhattan—on 37th Street and Broadway and another at 42nd Street and 4th Avenue.

The Fiduciary Trust Company of New York announced on July 1 the appointment of R. S. Horick, Jr., as a Director to succeed his father, who has resigned after serving on the Board of the trust company for its entire existence.

THE FIDUCIARY TRUST Co. OF NEW YORK
June 30, 1934

Total resources 7,217,843,633.07
Deposits 6,816,147,995.97
Cash and due from banks 386,429,996.78
Gilt-edged securities 402,388,818.32
Loans & discounts 1,445,582,612.67
Due from the above 10,000 00
Unredeemed first mortgage bonds 66,500,000.00

The Bankers Trust Company has arranged with the Trust Companies of New York, New York, and New Jersey, to create a composite Trust Company under the name of the Bankers Trust Company of New Jersey.

BANKERS TRUST COMPANY
June 30, 1934

Total resources 3,570,144,646.38
Deposits 3,249,675,126.98
Cash and due from banks 246,578,821.30
Gilt-edged securities 411,370,454.38
Loans & discounts 1,591,705,813.70
Due from the above 10,000 00
Unredeemed first mortgage bonds 15,000,000.00

The American Bank of New York, as a result of the合并 of the American Bank and Trust Company, the Bankers Trust Company, and the Bank of New York, the American Bank of New York, under the combined ownership of the Bankers Trust Company and the Bank of New York, has assumed the liabilities of the American Bank of New York.

THE AMERICAN BANK OF NEW YORK
June 30, 1934

Total resources 3,350,975,063.05
Deposits $2,985,823,694.88
Cash and due from banks 374,435,003.39
Gilt-edged securities 287,855,992.45
Loans & discounts 1,416,251,260.74
Due from the above 10,000 00
Unredeemed first mortgage bonds 10,000,000.00

The promotion of H. Carlton White to Assistant Vice-President, and H. S. Elkins to Assistant Secretary, and Edward J. Hornick as Assistant Treasurer, the latter announced by S. Sloan Colt, President of Bankers Trust Company, New York, on July 1.

Mr. White began his banking career with Marine Trust Company of Buffalo, New York, and Joined Bankers Trust's credit department in 1920. Mr. Beddows has been with the bank since 1946.

Mr. Hornick, who was with Title Guarantee and Trust Company, New York, for 30 years, joined Bankers Trust in 1920. Mr. Beddows is a native of Buffalo, New York.

BANKERS TRUST COMPANY
June 30, 1934

Total resources 4,612,650,271.00
Deposits 4,245,153,092.75
Cash and due from banks 325,617,967.22
Gilt-edged securities 210,449,959.24
Loans & discounts 1,750,022,213.66
Due from the above 10,000 00
Unredeemed first mortgage bonds 90,000,000.00

The new Bank of New York Trust Company, which was created by the merger of the Bank of New York and the New York Trust Company, has assumed the liabilities of both banks.

THE NEW YORK TRUST Co.
June 30, 1934

Total resources 9,540,063,039.45
Deposits 8,988,371,329.56
Cash and due from banks 647,474,579.35
Gilt-edged securities 462,591,831.60
Loans & discounts 3,508,129,051.86
Due from the above 10,000 00
Unredeemed first mortgage bonds 130,000,000.00

The Old Colony Trust Company has merged with the John Hancock Trust Company, the New York Trust Company, and the Trust Company of New York, to form the New York Trust Company.

THE NEW YORK TRUST Co.
June 30, 1934

Total resources 10,520,479,295.91
Deposits 10,008,015,929.86
Cash and due from banks 512,463,366.00
Gilt-edged securities 614,567,839.57
Loans & discounts 4,000,893,437.58
Due from the above 10,000 00
Unredeemed first mortgage bonds 190,000,000.00

The Dime Savings Banks of Brooklyn, New York, on July 1 informally observed "The Dime's" 95th birthday by looking back to 1859 and marking milestones in the bank's growth through those 95 years.

A dividend disbursement brought to $525,154,000 the total since July 1, 1859, according to figures made public by George C. Johnson, President of the institution.

In that same 95-year period, the number of depositors has in creased 300-fold, while the $664,000,000 now in deposit is more than 10,000 times greater than on July 1, 1859.

Throughout its 95 years, the bank has never paid less than 2 1/2% in dividends, and, except for a 16-year period when dividend payments were restricted to 2% by state law, the bank has never paid less than 2 1/2%. The present dividend is at that rate, and a 1% extra dividend at the rate of ½% a year.

In looking back over the bank's history today, Mr. Johnson, who has been with the bank for 36 years or more than one third of its existence, recalled that he is the tenth President, having served in that capacity since Oct. 25, 1946 when he succeeded the late Philip A. Beconson.

In its 85 years, the bank has occupied quarters at five different locations, four of them in the Brooklyn area, and in Brooklyn until 1908 when the present site at Fulton Street and DeKalb Avenue, in Albee Square, was acquired.

The bank's original office was a small room in what is now the hotel on the same floor in

Continued on page 25

140,000 SHARES
Basson Industries Corp.

Common Stock

BUSINESS Basson Industries Corp. is a custom molder and fabricator of plastic, working with two basic materials, known as "fiberglass" and other known as "high impact" plastic. The Company occupies a plant containing 70,000 square feet, located at 1432 West Farms Road, New York 60, N.Y.

Offering Price $2.00 Per Share

Offering Circular may be obtained from the underwriters.

JAY W. KAUFFMANN & CO.
111 Broadway, New York 6, N.Y.

Diplby 9-3030

VICKERS BROTHERS
52 Wall Street, New York 4, N.Y.

Diplby 4-8029

Please send me Offering Circular relating to Basson Industries Corp.

Name:

Address:

City:

State:

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Revival of London
Stock Exchange Boom

By Paul Einzig

Dr. Einzig, calling attention to a revival of the London Stock Exchange boom following a period of pessimism engendered by the Geneva Conference, foresees lowering of interest rates in England in the not too distant future. Says there is evidence of a general conviction that businessmen and manufacturers look for both rising prices and profits.

LONDON, Eng.—Following on the setback suffered as a result of a report from the Geneva Conference towards the middle of June, the London Stock Exchange resumed a steady trend during the second week of June. Both equity and Government loans reached new high levels for the year. This improvement was due to the combined effect of several factors. The immediate cause was the latest progress towards cheap money. Growing optimism among business prospects in the United States also contributed towards the better trend, and so did the revival of guarded optimism about the international political crisis. Last but by no means least indications that "creeping inflation" is making progress in Britain played a part in giving rise to anticipations of rising prices and profits.

The decision of the United States authorities to lower reserve requirements for the widening margins of credit supplies created a very favorable impression on this side of the Atlantic. Even though it is realized that the decision is not likely to have much immediate difference to the American credit position, the decision gave rise to hopes that progress towards cheap money in the United States would enable Britain to lower interest rates without running the risk of a price rise. Exchange. At the other extreme, if the Conference had concluded with a far-reaching agreement to abolish gold armaments, or at any rate a limitation of armaments, this too would have caused a slump. But the state of negotiations at the time of writing is such as to indicate some degree of relaxation of the political tension without foreshadowing any appreciable difference to armament programs. For this reason the Stock Exchange took a favorable view. It is also assumed that Sir Winston Churchill's Washington visit is likely to improve Anglo-American relations and will thus be beneficial from the point of view of peace prospects.

The recent expansion of bank advances and the note circulation in Britain are regarded as an indication that the absence of any noteworthy rise in prices, even after the recent inflation has resumed its course. It is true, the increase in the volume of money may be justifiable in part by the improvement of business conditions, especially by the increase of the output. The all-round rise in prices during the last months caused an appreciable increase in the volume of requirements for bank advances and for notes. But the fact remains that the inflationary spiral continues in its upward course. From this point of view it makes little difference in the long run whether the expansion of currency was the cause of the effect of the rise in wages. What matters is that wages, costs of production, prices, the cost of living, and the volume of money continue to chase each other in a rising vicious spiral.

Desirability as this may be from the point of view of sound economy it certainly a bullish point from the point of view of the Stock Exchange. In 1932 British business had a doss of "sound finance" and did not particularly like it. Indeed many businessmen, though habitual "Conservatives" in their politics, were inclined to favor an early "good old days" of Daltonian inflation. There are of course no questions of returning to those conditions under a Conservative Government. It is difficult to visualize Mr. Butler emulating his Socialist predecessor by authorizing a huge and sundry expenditure "with a song in his heart". Dalton did on his own admission in 1943-47. But the fact that creep inflation, however moderate, has been allowed to resume will have its consequences. It means that Mr. Butler's money-policies may have to be adjusted to the occasion. It is evident moreover that the Government is not going to be inclined to allow in the expansion of business and manufactures to be deflected by the current recession by the United States authorities may prove to be too late and too little. In view of the general feeling in London regarding American business prospects and willingness to buy the rise in prices will have the effect of increased earnings.

The American decision was welcomed not only because it increased the supply of money over here but also because it indicated improving American business prospects. It went a long way towards allaying the fears that the American decision may lower the interest rate policy. The American decision was welcomed not only because of the expected rise in business and because the rise in prices will have the effect of increased earnings. The American decision was welcomed not only because of the expected rise in business and because the rise in prices will have the effect of increased earnings. The American decision was welcomed not only because of the expected rise in business and because the rise in prices will have the effect of increased earnings.

With Shearson, Hammill
HARTFORD, Conn.—Mrs. Ar- thur Hendey and R. Winthrop Nelson have joined the staff of Shearson, Hammill & Co., 9 Lewis Street. Both were formerly with Faire, Weber, Jackson & Curtis.

Anderson Cook Adds
PALM BEACH, Fla.—James H. Hoard, Jr. is now connected with Anderson Cook Company, Inc., 308 South County Road.

Milton Powell Adds
SPECIAL TO THE FINANCIAL CHRONICLE
PASADENA, Calif.—Frederic T. Livermore, Jr. is now connected with Milton C. Powell Co., Security Building.

With Harris, Upham Co.
CHAPEL HILL, N. C.—Carl M. Smith is now connected with Har¬ ris, Upham & Co.
THIS FLYING LABORATORY CARRIES A UNIQUE CARGO

... many of tomorrow’s navigation and communications devices now being designed by IT&T for aircraft safety and efficiency.

The interior of the “Flying Laboratory” of Federal Telecommunication Laboratories, a division of IT&T, is a veritable airborne workshop. Here, navigation aids for use at short and very long distances as well as for low approach and landing, and many other experimental radio and electronic devices are put through their paces under “in-service” conditions.

Since the early days of flight, IT&T research has made many contributions to safer, more dependable flying. It began with the world’s first instantaneous direction finder. It continued through ILS, air-to-ground radio, VHF airport direction finders, and greatly improved VHF omnidirectional radio range (VOR). Today, Navarho, Navascreen, two-color radar and Moving Target Indicator Radar promise great benefits for aircraft traffic control. And very important is IT&T’s newest crystal-controlled distance measuring equipment (DME) which, in combination with VOR, tells the pilot with uncanny accuracy his distance and direction to or from a known ground station. Years of experience in research, and high skill in production are important reasons why better performance is built into products for home, business and industry by the manufacturing divisions of IT&T—a great American trademark.

IT&T
INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION
67 Broad Street, New York 4, N.Y.
A Labor Program for Full Employment

precipitated our current widespread unemployment, and whether they contain the roots of their own correction. After consideration of these factors, we will conclude that it is highly likely that there will be such adjustments with substantial governmental aid and stimulation.

(1) Inventories: A factor given considerable prominence has been the contention that we are living through an inventory adjustment. Considerable plausibility was given this argument, since business went through an inventory boom at the beginning of 1953. Since then it has declined, so that after a building-up rate of $3 billion in the first quarter, inventories actually were shaved at a rate of $3 billion in the fourth quarter, and $4 billion in the first quarter of 1954. In the second quarter it is probable that inventories have remained about on par, while other significant changes have been in production and movements. However, there are two considerations: that inventories are too high and other places where they are down to current level. In May, the National Association of Purchasing Agents reported that one-third of the firms are still piling their inventories. Since the Federal Reserve has reprimanded automobiles are very heavy for the War II consumer, and a significant upsurge in buying will change the picture.

(2) Money and Credit: Another factor which has been blamed has been the lack of money and credit. It is true that the excess of monetary funds has been

repeated personal debt leads to contraction. In 1953, consumer credit moved from 1952 to the first quarter of 1954, the drop was 

$350 million or at the rate of $1.35 per day. This average was based on a $200,000, primarily in charge of reducing the lower income groups. This is also likely to continue up to the second quarter, since installment credit continues to decline. The next inquiry on delinquencies continued to loom large. But the low rate of settlement is a reflection of the national income has not opened up the personal shortfalls.

The large mortgage debt hanging over the American pro-

The only major high volume of the last year, our evalua-

The national income has not opened up the incentive to save in the second quarter of 1953. But the re-

CHAPTER II

(3) Expenditures on New Plants and Equipment: Much of the faith of the Administration in the present economic future is dependent upon the determination of new plant and equipment. This stops the present economic system

(4) Prices: Wholesale and consumer prices have been relatively stable with wholesale prices rising slightly and consumer prices falling off. Price changes in buying power are due to the rate at which prices are rising and falling, individual prices have shown a much steeper rise and lower levels. But the American business mechanism is not so小姐y for so radical the price levels. Credit, no price changes. Management offers alternative policies for reducing its price levels. The American business mechanism continues to maintain its price levels, despite strong pressure from its distributors.

(5) Production: The more important is probably a 6.

A key point below 50% of operations, take account of the stimulus of the Federal Reserve on the lower levels of output.

The Federal Reserve has continued price stability of constant growth in.

(6) Expenditures on New Plants and Equipment: Much of the faith of the Administration in the present economic future is dependent upon the determination of new plant and equipment. This stops the present economic system

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A Program for Full Employment

The main text of the document discusses several points about full employment. It begins with a review of the individual sectors of the economy and concludes with the resumption of full employment with a rising standard of living for the people of this country.

(A) Programs Necessary to Stimulate Greater Purchasing Power.

(1) Increase the minimum wage from 75 cents to $1.25 and extend its coverage.

(2) Liberalize the Federal old-age security system.

(3) Adopt Federal minimum standard for unemployment insurance benefits requiring benefits to rise by 50% of the state average weekly wage for 39 weeks.

(4) Increase the personal exemption under the Federal income tax law from $600 to $6,000.

(5) Repel the Taft-Hartley Act and improve the conditions of unionism and collective bargaining in areas not covered.

(B) Programs Necessary to Stimulate Capital Investment.

(1) Expand Federal, state and local public works programs for schools, roads, hospitals, water and sewer systems, public works and similar public functions.

(2) Increase local resource study and development.

(3) Promote basic research and development of atomic energy.

(4) Financial assistance to industrial and business to encourage new enterprise.

(5) Expand foreign aid programs to undeveloped nations in need of capital.

(6) Institute a more extensive public housing program.

(C) Programs Necessary to Reduce Excessive Prices.

Institute a system of public review of consumer complaints against excessive prices by a Federal trade agency to determine the levels on which specific prices may be properly reduced. The adoption of the above programs is rightfully the responsibility of the Federal Government.

Guaranty Trust Company of New York

MAIN OFFICE, 140 Broadway

FIFTH AVE. OFFICE
Fifth Ave. at 46th St.

MADISON AVE. OFFICE
Madison Ave. at 60th St.

ROCKEFELLER CENTER OFFICE
40 Rockefeller Plaza

LONDON OFFICES
51 Lombard St., E.C.3.
Fidi House, Aldershot, W.2.

PARIS OFFICE
5 Place de la Concorde

BRUSSELS OFFICE
21 Avenue des Arts

Condensed Statement of Condition, June 30, 1934

RESOURCES

Cash on hand, in Federal Reserve Bank, and Due from Banks and Bankers

$628,925,977.97

U. S. Government Obligations

985,818,549.66

Loans and Bills Purchased

1,208,416,901.42

Public Securities

$1,676,601.18

Stock of Federal Reserve Bank

9,000,000.00

Other Securities and Obligations

49,225,429.57

Credits Granted on Acceptances

11,729,302.90

Accrued Interest and Accounts Receivable

15,422,549.49

Real Estate Bonds and Mortgages

1,101,536.25

Bank Premises

188,155,219.39

Total Resources

$3,019,502,458.35

LIABILITIES

Capital (5,000,000 shares $20 par)

$100,000,000.00

Surplus Fund

200,000,000.00

Undivided Profits

$399,768,417.73

Total Capital Funds

2,559,449,965.33

Deposits

16,987,500.00

Foreign Funds Borrowed

$24,552,941.18

Less: Own Acceptances Held for Investment

12,791,780.02

$17,616,116.16

Dividend Payable July 15, 1934

5,750,000.00

Items in Transit with Foreign Branches

569,986.85

Reserve for Expenses and Taxes

20,044,169.28

Other Liabilities

$7,717,257.98

Total Liabilities

43,296,575.27

Securities carried at $216,996,612.13 in the above statement are pledged to qualify for fiduciary purposes, to secure public moneys as required by law, and for other purposes.
wholesale prices have softened bit. A statistical gain of about 3% may not mean much one way or the other in view of the recession syndrome. Personal incomes at the annual rate of $200 billion in the first quarter of this year is 15% or 11 ahead of the 1932 record figure. We have been so "spoiled," however, that a decline of 1% behind the still bigger record of 1933 industries "resist" inflation; and frantic calls for governmental rescue action.

Believers in Free Enterprise should recognize the salutary effects of a mild readjustment, coming as it does after a protracted and bitter prosperity wave. It hurts, of course, when the buyer's market replaces the seller's market. But that is exactly what is needed in order to reinvigorate the economy and to eliminate monopolistic outcroppings, high-cost and speculative excesses, particularly in inventories and consumer credit. The need of such cost of such readjustment is far from excessive. At 3.5 million, the number of unemployed amounts to less than 6% of the active labor force. That would indicate a return to a normal labor market rather than toward a new depression. In 1946-47, for comparison, in the midst of a recession, and with a population 16 million smaller than at present, unemployment was officially estimated at 3% to 4%. (That was, in the words of President Truman, "another year of bountiful prosperity.")

Labor Unions

A cyclical setback often is a boon in disguise. The current one may be a contributing factor to industrial peace, relatively speaking. Layoffs and short weeks take the edge off of the spirit of national union. These days, major strikes are national in scope. They are directed against an entire industry, thereby affecting the consuming public. Before the industry can be reactivated, it must be sustained without public support, as such as the seizure of the strikebound plants. Such a benvolent attitude can scarcely be expected from the present regime in Washington. (The case of the Pittsburgh transit strike should serve as a warning.) The lack of political support is surely discouraging to a large number of nationwide collective bargaining. Such considerations are further strengthened by the prospect that serious industrial strife might help those Republican candidates for Congress who advocate the renunciation of national and trimming of the Taft-Hartley Act—the very thing the unions want is to promote.

Their fighting mood is dampened also by the great rationalization. Indications are that between the steel workers' David McDonald, the teamsters' Dave Beck, and the miners, John L. Lewis, plans are being considered which might amount to a revamping of the labor movement. A new federation could be the outcome that might shake the "stagnation" upon which the AFL labors as well as the rival CIO which promises much of the CIO. While an organization of that sort, if it prevails, the unions are inclined to avoid rather than to precipitate public discussion.

Yet, big strikes may occur, if only regional in character. The West Coast lumber conflict is an example. A nationwide showdown in the steel industry, provided it does not involve violent or emotional forces, and the unions are not one-sided in the negotiation, as is the case of some coal miners' groups to defy John L. Lewis by wildcat strike. The price-support price in lumber will be marked this year about $5 per hundredweight. The gains under the "packages." The gains may be expected in Europe's slow progress toward currency and commodity stability. Liquidation of inventories at the low prewar levels, even an increase at the annual rate of $8 billion in first half of last year, has been the rule. The plans to adjust in sales. In many cases, the trend is the same as the sales ratio has actually risen.

At the latest count, retail sales were about 7% below the corresponding period of last year and 10% below the same period last year. Note that this expansion took place in the private sector of the economy ($9,270 million vs. $5,900 million), while public construction, though slightly declining by 1%, from $13,250 million in 1953, is still 19% above the total may rise further in the coming months. oben building permits are well ahead of the same month of the construction of 1950. Ascendancy of state and municipal construction combined is a sign of growing optimism about the business climate and a secondary effect of growing scarcity of labor, machinery and materials. This is a further indication that the economy's strength is not the result of a single industry. Recovery in the manufacturing sector is well ahead of the rest of the markets. Otherwise, however, there are no signs of responsibility for reversing the worrisome trend of the mid-1953. If basic metal values continue to rise, it is primarily because of new orders for contracts which break in the price of lead, due to the government's plan to buy more of the government's stock of zinc. It is an indication of the government's refusal to widen the tariff on lead. Unemployment is, of course, as the government's refusal to widen the tariff on lead. Unemployment is, of course, as the government's refusal to widen the tariff on lead. Unemployment is, of course, as the government's refusal to widen the tariff on lead. Unemployment is, of course, as the government's refusal to widen the tariff on lead. Unemployment is, of course, as the government's refusal to widen the tariff on lead.
The unpleasant reality to be faced is that those who are the bedrock of that, has entered the world arena as a first-rate power, daily tending the balance of power in Asia. Therefore, with our investment in actual fighting means greatly increased outlays for military and economic aid to that region. Add to this expense the cost of reclaiming Germany—and, most likely, in paying France for permitting it. Even another thousand dollars cannot be ruled out altogether.

Unstable as the international equilibrium is, one thing is practically certain. Instead of being cut by another $5 billion, military expenditures are likely to receive a fresh boost. But short of a major war, taxes cannot be raised again, and with tax receipts declin¬ing, deficit financing on an enhanced scale is an almost foregone conclusion.

Deficit financing means to prime the pump of inflationary bank credit. That is what the Federal Reserve Board is preparing for by releasing more funds to the banks through again lowering the amount of money the banks are required to keep with the Reserve Banks. The lending capacity of commercial banks is thereby being inflated to the tune of at least $75 billion—pretty close to the $10 billion the U. S. Treas¬ury already expects to borrow before Christmas. It may have to borrow more. If so, consumers and traders who have been following a policy of hand-to-mouth buying may find their expectation of lower prices disappointed. Thus, financial and psychological ground¬work is being laid for a new up¬turn—wherever that may lead.

Four Men Join Eaton & Howard, Inc.

BOSTON, Mass.—Eaton & How¬ard, Incorporated, 24 Federal St., Boston, investment counsel firm and Managers of the Eaton & Howard mutual funds, announced today that the following men be¬came associated with the organi¬zation on July 1: Kenneth C. Leonard and William DeFord as Vice-Presidents, with William H. Co¬ckett as Assistant Vice-President, and David C. Hoover as Account Executive. Each was associated for many years with the Boston investment counsel firm of Rus¬sell, Berg & Co. Mr. Leonard was with the firm in 1928, as a partner since 1928; Mr. DeFord for 15 years as an Account Manager; Mr. Gassett since 1951, as Dis¬count Shareholder since 1931, except for service during World War II as a Naval Officer in the Office of Governmental Procure¬ments in Washington; Mr. Hoover since 1937 has served Russell, Berg & Co. as a member of the Research Department and more recently as an Account Manager.

Mexican Debt Payment Committee Dissolved

Organization set up in 1922 for settlement of Mexico's foreign debt directly distributes by the Guaranty Trust Company of New York of approximately $2 million to holders of Mexican bonds de¬posited with the Committee.

Final judgment in the account¬ing actions of the International Bankers on Mexico (1922) has just been announced, it was announced July 8. It contains provisions for dissolution of the committee and direct distribu¬tion by the Guaranty Trust Com¬pany of New York as depositary over an 18-month period of holders of Mexican bonds who had de¬posited with the committee in the period 1922-1930. The dissolution of the commit¬tee, which will take effect with the delivery of funds to the distributing agent, marks the con¬clusion of the long period of ef¬fort resulting in the agreements between the Government of Mex¬ico and the Mexican railways following the defaults which occurred in 1914. This ef¬fort was initiated by J. P. Morgan & Co., Kuhn Loeb & Co., Ladenburg Thalmann & Co., and Co., who were instrumental in form¬ing the International Bankers Com¬mittee consisting of bankers familiar with Mexican issues in New York, London, Paris, Brus¬sels, Amsterdam, Geneva and other financial centers.

As shown by the committee's accounts filed in the two account¬ing actions and approved by the Court, the committee during its administration handled about $450,000,000, all of which was ulti¬mately distributed to bondholders except for the necessary large expenses imposed by the effort to rehabilitate the debt.

The committee initiated by the above-mentioned interests was headed at first by the late J. P. Morgan, subsequently by the late Thomas W. Lamont and now Arthur M. Anderson. It has spared no effort and has exerted every resource to avoid the cost and sacrifice of payment of Mexico by the Mexican railways on a 10% basis. Economic and po¬litical disturbances prevented the real¬ization of this objective. How¬ever, the 1942 and 1946 agree¬ments negotiated by separate committees with substantially the same membership as the 1922 committee, which is now submit¬ting its accounts, did succeed in obtaining on a reduced basis pay¬ments by Mexico and the Mexican railways, payments which are continuing.

In the rending of all this service over a period of 35 years, the committee has never received or requested personal compensa¬tion for its members, even though the agreements provided that the members were so entitled.

Hooker & Fay Admit

SAN FRANCISCO, Calif.— Hooker & Fay, 340 Pine Street, members of the New York and San Francisco Stock Exchanges, on Aug. 1 will admit Ada V. Wil¬der to partnership.
Government and the Welfare Concept

The social security system is a way to provide economic support to individuals and families in need. In the United States, this system includes retirement, disability, and survivors' benefits, as well as unemployment insurance and Social Security. The system is funded through payroll taxes that are deducted from workers' wages and paid by employers. The benefits are paid out of the trust funds, which are separate from the general government budget. The system also includes Medicare, which is a health insurance program for older Americans and people with disabilities.

The Social Security system was established in 1935 during the Great Depression to provide a safety net for the elderly and unemployed. Since then, it has been expanded to include disability and survivor benefits. The system is financed primarily through payroll taxes, with a small portion coming from general revenue.

The Social Security system is a crucial part of the American social safety net. It provides retirement benefits to workers who have contributed to the system through payroll taxes. It also provides disability and survivor benefits to families in need. The system is funded through a pay-as-you-go system, with contributions from current workers paying for benefits to current beneficiaries. This means that the system is vulnerable to demographic and economic changes, and must be carefully managed to ensure its sustainability.

In addition to Social Security, the United States has a range of other social welfare programs, such as Medicaid, food stamps, and housing assistance. These programs are also funded through a combination of payroll taxes and general revenue, and are designed to help people who are unable to work or support themselves.

Overall, the welfare system in the United States is a complex and controversial system that provides support to millions of Americans every year. It is an important part of the country's social safety net, and plays a vital role in keeping people out of poverty and ensuring that they have access to basic necessities like food, shelter, and healthcare.
Living of the working population. Sir William Trevelyan has described social insurance as bringing "the assurance of a future life to four out of five of the rescued of the millions." Our British actuaries have set to bring forth the means through which Depar, La Loeb & Co. to a small group of institutional investors, a $4,854,750

First, Britain may find it harder in the future to maintain her former levels of free materials, owing to a reduction in the free running of the world population upon food resources everywhere. Secondly, it seems likely that some part of the increased production coming from an expanding population will be kept available by a mix in the income of the people in place of being absorbed at once in claims for higher earnings or added welfare. In generous will be won by cooperation between the State and its citizens. The part of the State to establish the minimum below which no man need fall, leaving freedom and responsibility for each man to make and live his life above the minimum, individually and in free association with his fellows.

The United States and Britain inherit from their common past a condition of values. In simplest terms this makes sense, for the latter is more important than equality, whether other way of putting this is that the citizen as a person, is as important as freedom, does not make the difference.

The special field covered by this contains the circumstances of values, the similar problems to which developing linage and other areas, and the same general attitude towards them in the United States and Britain. In the United States as in Britain, it is assumed the security is based upon the same of the social structure and is in constant proc- cesses. There is at the time to which the value to enhance and a refreshing and instructive variety of.

Last February, before I had thought of coming to the United States, I wrote in the "Sunday Times" of London: "The people of the United States have to be in a position to understand similar outlooks on the relation of the State and the individual, on government and freedom. They do not have a field on which each can learn more from the other by close mutual study than the field of social security." Reasons For Business Confidence Fermed Genuine and Impressive "Monthly Bank Letter" of the National City Bank of New York war of necessity, a quantitative to too much of a close, of confidence in outlook for second half of year rests on expectation of continuing high consumption. The July issue of the "Monthly Bank Letter" of the National City Bank of New York, in discussing elements in the business situation for the next months of the year, finds the reasons for high and general confidence in the business situation are "genuine and not too much of a close, of confidence in outlook for second half of year rests on expectation of continuing high consumption."

The contents of the "Monthly Bank Letter" state: "Confidence in the outlook for the second half year rests on expectation of high consumption, on assurance of adequate supply; on assurance of adequate supply, and a willingness to expand credit, which has been strengthened by the action of the Federal Reserve Board, which depends on the bank reserve requirements; and, thirdly, on the confidence of certain good, notably manufacturers' stock and manufactured goods, the steady, so-called farm surplus stocks rise. In the month of June was the lowest since March, and that further reduction of finished goods stocks taken place. These factors may be expected to support business, in the future in all business affairs."

The "Monthly Bank Letter" states: "To bring about a strong recovery, however, feels more dynamic than the foregoing would have to appear. The protracted recovery of inventory accumulation would be such a force, but that business is now of a mind to build up stocks, and with supplies of adequate size, an annual rate of consumption may be a far lower, or even a zero change. There is increase in business plant and equipment expenditures would have an expansive effect, but these expenditures, while they are needed, are not big in size. In history, a show a moderate downward trend in the fourth quarter. This year, the savings are high, and many have a desire to build up funds for construction or build, and may be high. Expectations may have been expected to support business, in the future in all business affairs."

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S. F. Exchange Member Jardine, Balfour, Edward A. Kaehler, President of the San Francisco Stock Exchange, announces the election of J. Earl Jardine, Jr. to membership in the Exchange effective July 1, 1954. Mr. Jardine is a general partner in the member firm of William B. Jardine & Co., and is required to acquire his membership from Edward C. Hen- she, a general partner in the same firm until his retirement on June 30, 1954.
H. Christian Sonne, Chairman, Committee of the Federal Reserve Bank of St. Louis.

The Commercial and Financial Chronicle . . . Thursday, July 8, 1954

NAF Urges $5 Billion Annual Production Rise

Potential economic expansion into added military and civilian security, modernized plant and equipment, improved schools, hospitals, and roads, a rising standard of living, and foreign trade. Therefore, the National Association for Production and Efficiency asks that the country’s manpower and steady, Judy productive capacity are required.

In a report of the 17th Annual Meeting of the Federal Reserve Bank of St. Louis, the Committee points out that the country’s productive capacity is not being fully developed. Therefore, the Committee asks that the country’s manpower and steady productive capacity are required.

For many years, the Committee has advocated programs that will increase the country’s productive capacity. For example, a program to modernize plant and equipment, improve schools and hospitals, and improve roads and highways. These programs will not only increase the country’s productive capacity but also improve the quality of life for all Americans.

The Committee suggests that a special session of Congress be held to discuss these programs. The Committee is concerned that the country’s productive capacity is not being fully developed. Therefore, the Committee asks that the country’s manpower and steady productive capacity are required.

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Railroad Securities

Great Northern

One of the anomalies in the railroad market stock market was eliminated by the Federal Reserve Bank of St. Louis. Great Northern stock was issued at $10 per share to new investors. However, Great Northern stock was issued at $10 per share to new investors. However, Great Northern stock was issued at $10 per share to new investors. However, Great Northern stock was issued at $10 per share to new investors. However, Great Northern stock was issued at $10 per share to new investors.

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News About Banks and Bankers

the Brooklyn postoffice on Montague Street. In less than a year its growth was such that larger quarters were needed, and the office was finally moved to the old Hamilton Building on the site of the old Temple Bar Building. In 1885, still larger quarters were needed, and "The Diary" erected its own building, the new building being occupied by the firm in 1886, while in 1893 the firm of Aiken & Co., with Albert S. Wason, President, purchased the property on Bown Avenue, and the firm of Aiken & Co. moved to this new location. In 1904, the firm of Aiken & Co., with Albert S. Wason, President, purchased the property on Bown Avenue, and the firm of Aiken & Co. moved to this new location. In 1904, the firm of Aiken & Co., with Albert S. Wason, President, purchased the property on Bown Avenue, and the firm of Aiken & Co. moved to this new location. In 1904, the firm of Aiken & Co., with Albert S. Wason, President, purchased the property on Bown Avenue, and the firm of Aiken & Co. moved to this new location.
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As We See It

The seductive banner of convertibility. Let us take a closer look at what is being said and planned about it, of course there is a key currency convertibility program. British authorities are said to be looking forward to the day when something they call convertibility may be restored. Serious conversations are reputedly going forward with the idea of working out plans in conjunction with the other nations of the world concerned. Foreign exchange and gold markets are being watched closely. The purpose of coming to some conclusion as to whether it would be safe in existing circumstances to undertake to make sterling "convertible." The British have, according to reports, been seeking "algo" about the necessary fund for the establishment of an enormous reserve fund to defend sterling in the event of establishment of "convertibility."

And what is this thing they call "convertibility"? There has, of course, been no official account of precisely what is planned or at least being considered. But unless all reports, including accounts in so reputable a publication as the London "Economist," are grossly misleading, no one is even considering a system in which any Britisher living on the British Isles could buy dollars with his pounds. This "convertibility" as now envisaged would apply only to nonresidents. As by a recent study soon reveals that rather savage admitted restriction is by no means so innocuous as it may seem to the uninstructed.

A citizen of the United States, for example, would be permitted to convert any pounds that he acquired on "current account" into dollars or any other currency he desired, but only after being "permitted" by the British importer now and could, then, buy, sell, raw cotton, from the United States only after obtaining a permit to do so. But permission to import is tantamount to permission to buy dollars to pay for the goods imported—and the American would certainly prefer the dollars to pounds. It would be naive indeed to suppose that the British importer would be permitted to buy freely from, say the dollar area, paying for his purchases in sterling which upon transfer to the alien could at once be sold for dollars.

**Trade Must Be Free, Too:**

The long and short of this is simply put. "Convertibility" of currency is meaningless so long as there is control of international trade in goods and services. The thing that is claimed for "convertibility" is that it would permit free international interchanges of goods and services in such a way that international division of labor might be enjoyed with one benefit of all. But if what is granted in the foreign exchange market is withheld in the market for goods and services, what has been gained? There is now a great deal of talk about "converting" the dollar and the pound. The better informed and more outspoken members of the British press have been quite frank about it all. The wonder is that so much enthusiasm seems to remain in so many minds about what is being planned in the name of "convertibility."

What is happening here happens distressingly often in human affairs. We are not able or willing to do what is necessary to have the substance; we accept the shadow and succeed at least for awhile in convincing ourselves that we really do have the substance. What would be required for real convertibility and to establish a basis for reasonable hope of continued real convertibility is well enough known to those who have given the subject mature thought, and there are all too few in the world today willing to pay that price for convertibility. Real and permanent convertibility requires what the economist terms equilibrium conditions among the nations of the world. That is, in part, a willingness of all this. The better informed and more outspoken members of the British press with the foreign exchange market are being withheld in the market for goods and services, what has been gained? There is now a great deal of talk about "converting" the dollar and the pound. The better informed and more outspoken members of the better informed and more outspoken members of the British press have been quite frank about it all. The wonder is that so much enthusiasm seems to remain in so many minds about what is being planned in the name of "convertibility."

This in turn would mean an end to managed economies generally. It would require that wages be flexible —as are profits at all times. It would require that costs govern the distribution of trade, and that all elements concerned with production and distribution be willing to enter the international trade market on a fair and no favors. It might mean some adjustment in exchange rates if they are too high or too low to begin with—that is out of line with established cost relationships or past cost relationships. It might mean a determination in the future to make necessary adjustments, or rather to permit nature to force needed adjustments within the economies of the various countries rather than undertake to cut prices by means of competitive evaluations of productivity.

But where is the country willing and ready to undertake such a program as is thus suggested. There may be one or two somewhere in the world, but we must confess we should have difficulty in naming them off-hand. Certainly most if not all of the more important nations of the earth would shun any such procedure at this time as if it were the plague—and that goes for the United States of America! It was Franklin Roosevelt who shocked the world in 1933 by saying in effect that he preferred to manage the economic affairs of this country as he thought best with the limitations and restraints that would be imposed by keeping our gates to foreign competition or by the necessity of keeping our affairs on an even keel with those of the remainder of the countries of the world. It may be questioned whether the then President really understood the implications of what he was saying—but he said it, and the general idea he conveyed have become accepted and worshipped by all too many.

Let us not be misled by the high-sounding term "convertibility."
Eddy Bros. to Be NYSE Member Firm

HARTFORD, Conn.—Donald M. Swell on July 15 will acquire a membership in the New York Stock Exchange, and hence become a partner in Eddy & Bros., Co., 23 Lewis Street, members of the Boston Stock Exchange. The firm will then become members of the New York Exchange. Also, partners will be Welles Eddy, Howard J. Eddy, Paul Therrien and Donald M. Snell, general partners, and Stanley R. Eddy, limited partner.

Wm. E. Pollock Co. Adds Kelly to Staff

Wm. E. Pollock & Co., Inc., 29 Pine Street, New York City, have added to their staffs in the institutional sales department James J. Kelly.

NY Security Dealers Elect Members

The New York Security Dealers Association has elected William Heverly Brothers and George A. Fergus & Co., both have been elected to membership in the Association.

John Edward Gray

John Edward Gray, 51, Assistant Examiner of the Department of Stock List, was suddenly, on Sunday, July 4, at home.

Mr. Gray began his business career with the Stock Exchange as a messenger boy in 1899. In 1902, he was transferred to the Department of Stock List, which supervises the Stock Exchange's relations with its listed companies, as a clerk. By 1912, when he was appointed a member of the Stock Exchange Board of Governors, and in 1913 he was made Assistant Director of the Department of Stock List.

S. W. Bond & Share Formed

HOUSTON, TEX.—Southwestern Bond & Share Co., Inc. has been formed with offices at 1007 Preston Street, to engage in a securities business, Arthur R. Gilman is a principal.

R. L. Stewart Forms Co.

SAN ANTONIO, Tex.—Richard L. Stewart has formed R. L. Stewart & Co., Inc., 203 Devonshire Street, to engage in the securities business.

U. S. TREASURY STATE and MUNICIPAL SEcurities.

AUDRY G. LANSTON & CO.
INCORPORATED
26 FIFTH AVENUE NEW YORK 1, N. Y.
WILLIAMSBURG 5-1700
26 So. La Salle St. CHICAGO 7. ILL. LCH 7-7000
547 S. Michigan Ave. CHICAGO 5. ILL. MC 7-7000
137 East New England Ave.

Our Reporter on Governments

BY JOHN T. CHIPPENDALE, JR.

Volume and activity in the Government market, according to advisors, has picked up rather substantially because there is an increased interest on the part of institutional buyers in long-term Government securities. The movement at this time seems to be in the direction of long-term bonds, but quarterly now that rates of the more distant obligations will seek lower levels in the not too distant future. Although Wall Street officials also believe that short-term interest rates have gone about as far as they are likely to go, the market, in not too long a period of time is anticipated by some.

The commercial banks continue to make large commitments in Government securities. It is thought that the more of the part of these purchases come still from switches, there is evidence that a large part of the new money is being invested in these two sectors of the list.

Long Bonds Deemed Attractive

One of the reportedly important developments in the Government market which has been the direct result of lower reserve requirements of the commercial banks has been the acceleration in the buying of long-term Government securities. Many market specialists are predicting that these rates will shortly be on the way up to higher yields.

It has been reported that the very large demand for short-term securities will be taken care of, in the not too distant future, either by open market operations or by specific Treasury offerings. Such a development will supply the needs of those that must have money in the market in the near term for the near-term issues. Accordingly, not a few institutions which have large holdings in short-term Government obligations are holding back from the market in order to buy down those positions by shifting into the more distant issues.

Price Enhancement Possible

Along with these opinions about what can happen to short-term yields, it has been pointed out that the long-term yields will seek lower levels. Not only is the shifting from the short into the long, as given one of the principal reasons, but that the long-term in these issues appears to be an important amount of new money being put to work in the most distant part of the maturity scale. Under these circumstances, the market in the near-term issues has not been as much as 4 or 5 percent. Of this amount of an impression has been made upon prices of these securities.

Likewise, there have been quite a few sellers around and they have shown a willingness to let go of the long-term issues even though quotations were gyrating in a rather narrow trading range. Despite the new highs which have been made in the 3 3/4 of 1978-83, there are reports of some good sized strips being made out of this bond in the long-term 3 1/2.

In intermediate obligations, it is indicated that the 2 1/2 and 2 3/4 of 1961, have considerable of a following, with the 2 1/2, a popular one. An impression is made that prices will fall previously to go out any further than the intermediates. To be sure, the Treasury has not added any new issues to current outstanding issues and this is still being done by the smaller out-of-town institutions. State and municipal funds, however, still dominate the long-term Treasury market.

Market Features

Although most of the longer-term issues have what is termed pretty fair buying, it is indicated that the 3 1/2's and the 3 1/2's of 1967-72, have been the favorites of those that are taking on positions in the higher income obligations. Despite the new highs which have been made in the 3 3/4 of 1978-83, there are reports of some good sized strips being made out of this bond in the long-term 3 1/2.

The demand for the middle-term issues appears to be quite broad.

Transactions in Clearing Currencies

favor of the American coal shipper. Both letters of credit, also known as "paper or letter-of-credit," were payable against the same set of unexpired permits. In the former case, the Italian letter of credit also covered a transfer of a copy of an Egyptian license.

The Dollar Conversion

Having separated the different and much more complex dollar conversion questions, I should like to turn to the dollar conversion questions. In my opinion, the differences in the dollar conversion positions are very different.

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Securities Salesman's Corner

BY JOHN DUTTON

An Opportunity to Create Good-Will Among Customers

Within the very near future, there may be a few thousand, or even a few million, who may be looking for a change in their financial affairs that can bring about favorable changes in taxation pertaining to corporate dividends. It is estimated that about 80% of all shareholders have been unfairly penalized by double taxation on dividends received from investments in common stocks. At last there is an opportunity to something about it. Congress' approval of the proposed relief from the double taxation of corporate earnings will help the country, will help the investment business, and will directly help those who own all or part of their common stock investments.

Your Customers Would Like to Hear From You

This is a time when you can bring a message to your investment clients that will directly concern them and that may be of considerable interest. The Investor's League, Inc., 175 Fifth Avenue, New York 10, N. Y., have prepared a brief two-page printed folder that is entitled "An Important Message to Stockholders." Mr. William Jackman of the Investor's League has informed me that the organization will make these folders available to readers of this column in limited lots without charge and in larger quantities at cost. This well-written little folder urges investors to write their United States Senators now and suggests that their friends do the same. It gives illustrations as to the way stockholders can reduce their taxes if this bill is approved. The names of all the U. S. Senators by states and territories are in the back page of the folder and it can be used effectively by brokers and investment dealers in every state.

Zip Yourself In With This

J. P. MORGAN & CO.

An old-time method of building and keeping clientele of investors, apart from the always present obligation of doing a good job with their accounts, is to constantly show an interest in their welfare which transcends the immediate task of selling them stock. What most people are buying is income when they invest in common stocks—either more income now, or in the future, or both. If this legislation is approved it will mean an increase in the "take home" pay of many people and what most people will be quite substantial. This is a time when you can show these people that you are thinking of their welfare, even when you are not doing business with them. Write a short letter and tell your clients and your better prospects that you think this bill will pass, if passed, will help them. For this reason you are sending them this enclosed folder and you suggest that they write a card to their Senator and tell them that they favor this bill and hope if you are doing business with them. The folder will tell them how this

What Has Happened To Our Self-Reliance?

"Involuntary total or partial idleness on the part of a substantial number of workers and underutilization of productive capacity would be undesirable under any circumstances. They are an incalculable in a perilous world situation in which the most effective use of manpower and capacities concerns not only the comfort but also the security and possibly the survival of the nation.

"If demand and production should continue over some time to move considerably below a full employment level, it is likely that the existence of idle capacity would make business more reluctant to go ahead with expansion plans. Thus, a widespread movement of business is possible only for a limited period of time. It would be likely to lead to a new downturn if continued over an extended period.

"The situation is much more serious than most people think. A shift from rising defense spending to declining defense spending is a major adjustment. Nothing the government has done so far takes care of that."—National Planning Association.

Must "the government" take care of everything? The most effective thing "the government" can do is to get out of the way and stay out of the way.
IBA Committee Reports on Local Service Air Transportation

In recent years, the operating services of the IBA have declined in order to encourage the development of air transportation in the United States. For many years the Act was regarded as an exceptionally fine piece of legislation, and it has been most effective in accomplishing its major objective. In recent years, however, the interpretation of the Act appears to have taken on an increasingly restrictive character, to such a degree that it is now necessary to review the air transportation industry at one of the lowest points that it has been since the Civil Aeronautics Act was passed in 1938, and we believe that prompt action by the Administration and Congress is needed to restore investor confidence in this essential industry.

**Recommenations**

We have a number of recommendations to make in regard to government regulation of the air transportation industry. First, we think there should be some realignment of the government departments and agencies and their jurisdiction over civil aviation.

Secondly, we suggest that certain of IBA's 1953 regulations now employed by the CAB be reconsidered. It is evident that a few of the CAB's policies need to be changed in the interests of those, who wish to operate under the authority of this official, and we are not responsible for presenting the Congressional appropriations committee with bills for appropriations to cover these payments.

The CAB should recommend special measures to the proposed division of responsibility between the CAB and the Civil Air Contracts Administrator. First, the CAB, responsible for maintaining a supply of capital and for financial negotiations between the carriers and the government. (He should now be authorized to be called 'the Administrator') and required to maintain a supply of capital and financial management to the carrier.

Any one who has conducted business negotiations with an agency headed by a single person, has been impressed by the fact that no one is held accountable for the results. We think it should be clearly understood that in order that this principle be maintained, the CAB should be divided into a number of distinct units, each of which can be held accountable for its performance.

Suggested Reorganization of Government Departments and Agencies

1. The re-creation of the Civil Aeronautics Authority is recommended. We feel that the Authority should have in it all of the functions responsible for regulating transportation and aviation and that the CAB, maintained at the present time, should be abolished, together with the CAB administrator. The CAB administrator would be an appropriate title for the position of the CAB chairman. In our report, we recommend that the CAB be reorganized along these lines:

**Regulatory Procedure**

(2) We suggest that the present system of paying subsidies as 'marginal' should be terminated. While the President's Executive Order provides for 'marginal' subsidy, both are still called 'marginal'. The CAB should be responsible for determining financially sound carriers. It is our view that any financial support to a carrier should be made on the basis of a complete accounting of the financial status of a carrier.

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**Bankers Underwrite Bullard Stock Offer**

The Bullard Company is offering its common stockholders rights to subscribe at $32 per share to 11,440 additional common shares on the basis of one share for each five held as of record at 5:30 p.m. (EDT) on July 7, 1954. The subscription price is $32 per share (EDT) on July 21, 1954.

The underwriting group headed by Merrill Lynch, Pierce, Fenner & Beane, Hornblower & Weeks and White, Weld, and others, will have the right to purchase any unsubscribed shares. The company is planning construction of a new, highly mechanized foundry to produce the extensive variety of grey iron castings needed for its heavy machine tool products. Proceeds from the sale of the additional common shares and from other borrowings will be used to finance construction costs as they are incurred and the balance of such proceeds, if any, will be used to increase working capital and will be available for general corporate purposes.

The Bullard Company manufactures and sells distinctive types of power-operated heavy duty metal-cutting machine tools which are used in the automotive, electrical and numerous other industries whose finished products or component parts are made by metal-cutting processes. On the basis of annual total dollar volume of sales in recent years, the company believes it is among the 10 largest of the many companies which are engaged in whole or in part in the production of metal-cutting machine tools in the United States.


With Atwill & Co.

Special to The Provincetown (Boston) 

MIAMI BEACH, Fla.—Edward G. Kelly has become affiliated with Atwill and Company, 605 Lincoln Road. He was previously with Barham and Company.

With Lester, Ryons

Special to The Provincetown (Boston) 

LOS ANGELES, Calif.—William Stern has been added to the staff of Francis & Co. and Berryman & Smith.

With Renys, Field Co.

Special to The Provincetown (Boston) 

NEW ORLEANS, La.—Donald S. Rediker is now with Renys, Field & Co., Inc., Carondelet Blg.

BANKERS TRUST COMPANY

NEW YORK

CONSOnded STATEMENT OF CONDITION, JUNE 30, 1954

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Cash and Due from Banks</td>
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<tr>
<td>U. S. Government Securities</td>
<td>506,135,561.42</td>
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<tr>
<td>Loans</td>
<td>962,005,290.52</td>
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<tr>
<td>State and Municipal Securities</td>
<td>69,300,184.41</td>
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<tr>
<td>Other Securities and Investments</td>
<td>16,218,757.25</td>
</tr>
<tr>
<td>Banking Premises</td>
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<tr>
<td>Accrued Interest, Accounts Receivable, etc.</td>
<td>7,066,534.08</td>
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<tr>
<td>Customers' Liability on Acceptances</td>
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</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$12,732,705.11</strong></td>
</tr>
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<tr>
<th>LIABILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital ($10 par value)</td>
</tr>
<tr>
<td>Surplus</td>
</tr>
<tr>
<td>Undivided Profits</td>
</tr>
<tr>
<td>Dividend Paid July 15, 1954</td>
</tr>
<tr>
<td>Deposits</td>
</tr>
<tr>
<td>Reserve for Taxes, Accrued Expenses, etc.</td>
</tr>
<tr>
<td>Acceptance Outstanding</td>
</tr>
<tr>
<td>Less Amount in Portfolio</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
</tr>
</tbody>
</table>

*Stations in the above statement are carried at cost in accordance with the method described in the annual report to the stockholders for the year ending June 30, 1954, have been deducted from net worth, including $17,907,918.37 of United States government deposits, and other surpluses.*
**Mutual Funds**

By ROBERT R. RICH

While representatives of the investment company business and the New York life insurance agencies discussed methods on Friday of overcoming the tare trust that has developed between the two groups, a Columbus, Ohio, bank, last week, made a plan to sell term life insurance together with the shares of a mutual fund which it had purchased some two years ago.

The Farm Bureau Insurance Company, which owns the Mutual Life Foundation of Detroit, will sell through their 3,000 agents periodic purchasing plans in the fund's shares covered with a reducing term insurance policy. The plans are offered at a minimum of $50 down and $12 a month in subsequent payments, with an investment goal of $1,000. The insurance policy costs 75 cents a month per $1,000 of term insurance.

On the following Friday, Davey Richardson and Edward "Ben" Burr, as representatives of the National Association of Investment Companies, met with Harry K. Gutmann and Jack Manning of the New York City Life Underwriters Association.

Mr. Gutmann, President of the Life Underwriters Association of New York City, and Vice-President of the Life Underwriters Association of New York State, talked about the inroads that mutual funds may make in the insurance business by offering combined "insurance-investment packages." He had previously read off what amounted to a declaration of war against mutual funds.

The results of the lamination disclosed, do indicate there was a great deal of pipe-of-peace smoking. For example, one of the investment company people will be asked to speak at an insurance underwriters meeting on Oct. 14 about the mutual fund industry.

**REPURCHASES of Broad Street Independent Mutual Funds doubled in the first six months of 1954 compared with the first six months of 1953, were offset by rising sales.**

Reproductions for the first six months of 1954 amounted to $1,309,000 compared with $1,170,000 in the first six months of 1953. Reproductions in June amounted to $135,000, compared with $118,000 in May and $110,000 a year earlier.

Sales in the first six months of 1954 were $25,500, or a gain of 2% over the same months in 1953.

JAMES H. ORR, President of The Colonial Fund, Inc. has announced that the 50-year old investment company is going to be incorporated at Boston in 1954 with the name "Railway and Light Securities Corporation." The company is an open-end company or Mutual Fund. Shares were first offered for sale on Friday, June 25. Total "sales" were $12.13 million.

The Fund received $4,357,292 last week from the sale of 225,005 additional shares at $17.75 per share. There had been a steady increase in sales during the month through a group of investment bankers headed by Stone & Webster Securities Corporation, the proceeds to the Fund being $11.47 per share.

If a person investing such outstanding share would have the same net asset value of $14.74 when the fund makes a 10%-of-capital payment into a mutual fund, a stock split was effected by the distribution of 2 additional shares for each 13 shares, and a cash distribution of 6 cents per share was declared from realized gains, on the Common Stock outstanding June 18.

The Fund is now available to investors as a mutual fund for the first time in its 50-year lifetime. The objectives of the Fund, Mr. Orr believes, will hand over and long-term growth. For the past year, common stock investments have been approximately 80% of the Fund's net assets and it will continue to be a fully managed fund.

Colonial Management Associates of Boston is the investment adviser, and Colonial Distributors, Inc., has been appointed national sales manager. These two organizations serve in a similar capacity to Associated Mutual Funds, Inc., and The Associated Investment Trust of America.

Both a periodic and dividend reinvestment plan are offered.

**THE SEMI-ANNUAL report of American Business Shares for the six months ended May 31, 1954 shows net asset value per share of $4.35, as compared with $3.97 six months earlier on Nov. 30, 1953.**

Common stock accounts for 98.6% of the assets, 32.4% was invested in United States Government and other high-grade bonds.

4.8% in high grade preferred and guaranteed stocks, and 2.2% was held in cash.

In commenting on stocks held under pressure last week, Mr. Prankard 2nd, President, states: "I have seemed to us that in the selection of common stocks we should avoid those of companies that were not in a strong competitive position. It has also seemed to us that we should avoid stocks where the market prices reflected too full a valuation of the companies' prospects. For some time now we have been avoiding holdings with these things in mind."

Total net assets on May 31, 1954 were $24,312,001 compared with $23,459,949 on Nov. 30, 1953.

**THE MASSACHUSETTS Investors Growth Stock Fund reports for the three months ended May 31, 1954 net assets of $50,828,350 compared with $48,926,025 at May 31, 1953.**

Net assets per share were $20.64 excluding a capital gain payment of 26 cents per share made in the first quarter 1954, compared with $18.78 a year ago.

As of May 31, 1954 there were 2,460,100 common shares outstanding against 2,403,579 last year and 18,282 stockholders, compared with 17,062 on May 31, 1953.

Portfolios changes for the quarter were:

<table>
<thead>
<tr>
<th>Purchases</th>
<th>Shares</th>
<th>Dollars</th>
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<tbody>
<tr>
<td>American Republic Corp.</td>
<td>1,192</td>
<td>2,000</td>
</tr>
<tr>
<td>Delooping Corp.</td>
<td>2,360</td>
<td>4,000</td>
</tr>
<tr>
<td>Emhart Instrument Corp.</td>
<td>1,896</td>
<td>3,000</td>
</tr>
<tr>
<td>Lord, Harvest &amp; Co.</td>
<td>1,544</td>
<td>2,300</td>
</tr>
<tr>
<td>Sears Roebuck &amp; Co.</td>
<td>800</td>
<td>1,000</td>
</tr>
<tr>
<td>Standard Oil Co. of Calif.</td>
<td>1,200</td>
<td>1,400</td>
</tr>
</tbody>
</table>

Other Changes in Investments

1,170 shares International Bldg. Mfg. Co. purchased at $27.50 a share, to be added to the fund.

25,000 shares Republic Natural Gas Co. purchased at 65, for a total cost of $16,250.

TOTAL NET assets of Bullock Fund, Ltd., on May 31, 1954, the end of the quarter, were $32,297,651, compared with $31,758,651, at the end of the previous quarter, an increase of $519,000, or nearly $3 million.

Asset value per share rose from $13.10 on Nov. 30, 1953, to $13.48 on May 31, 1954. 1.9%.

Hugh Lord, President, told shareholders that the management has been reducing holdings of the more cyclical stocks and increasing those which provide a reason- able assurance of well-maintained earnings and dividends in the period immediately ahead. The next several months, in his view, should provide evidence of whether the present level of improvement in business is merely seasonal or a major turning point.

At the end of May, shareholders were offered 4,074,047 shares at $4.35 a share, or the total of 32,200,000 from 27,900,000 in the same period.

Total assets were $175,350,000 on June 30, 1954, compared with $166,700,000 on Dec. 31, 1953 and $145,220,000 on June 30, 1953.

**NATIONAL'S 6-Month Sales At 28 Million Dollars**

Sales of the National Securities Series of Mutual Funds for the first six months this year totaled $20,909,355, the highest half-year sales in history and an increase of 15.3% over the first half of 1953, according to figures reported Friday by E. Walth Hare, Vice-President of National Securities & Research Corporation.

The number of shareholders on June 30 hit an all-time peak of 66,680, compared with 76,680 at midyear last year, and 81,900 at the end of 1953 and 125, 200 on June 30, 1953.

**Affiliated Fund**

A Common Stock Investment Fund investment objectives of this fund scheme to add to the insurance growth for its shareholders.

Prospectus upon request

**Lord, Abbott & Co.**

New York Chicago Atlanta Los Angeles
The combined assets of the ten Kentucky Mutual Life Insurers, which are held by 60,000 shareholders reached a new high of $249,145,000 at the close of the quarter. Sales of new policies in the first quarter of this year increased 33% and redemptions of shares outstanding were down 8% compared with the same period in 1953, as a result of two months of 1954 produced the best net growth through sales since 1950.

The Income Funds—Low-Bonded preferred stocks in the Commonwealth Stock Fund—Constant Common Stocks—continued to attract the largest number of investors for more than 60% of this year's sales to the Commonwealth Stock Fund.

Investors' Confidence in the Goldest Market

The Group of New York Stock Exchange, which covers the first half of the commentary year, is in strong demand, reflecting the selection of growth situations in other than speculative preferred stocks, and this Fund has attracted almost 4% of all six-months' sales in 1954.

The Report, covering operations for the quarter, shows a 
small increase in the Commonwealth Stock Fund's fiscal year total. Reports published the following results as the end of the period compared with the preceding six-months' periods:

- May 31, 1954
  - Total net assets: $141,466,701
  - No. of shareholders: 16,754
  - Value per share: $8.78
  - 6% preferred stock
  - 6.6% annual dividend

Fundamentals Cover $200 Million

On June 30, 1954 the net assets of Fundamental Investors, Inc., reported were $201,557,644 as compared with $201,182,944 on Dec. 31, 1953, according to Hugh W. Long, President.

Northern States Power Company, with its subsidiaries, serves 7,500,000 people in Minnesota, Wisconsin and the Dakotas. The holding company of this population is in the Twin Cities (Minneapolis and St. Paul) and their adjacent suburbs, a market which covers better than 500,000 people and a significant number in smaller communities and rural areas.

The territory served by the company employs a well-balanced investment policy, making efficient use of the stock fund to make investments in the Common Stock Funds and balanced in real estate, its principal asset is the property of the company.

The company has a successful record of earning a profit on its investments and has been profitable for the past seven years.

The company's earnings have been increasing steadily for the past five years and are expected to continue at a satisfactory rate.

The company has a strong capital structure, with a good financial position, and has a good credit standing.

The company's earnings are expected to continue at a satisfactory rate.

The company has a good investment policy, making efficient use of the stock fund to make investments in the Common Stock Funds.

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All America Is Still a Growth Area

All America is still a growth area, as President Eisenhower has repeatedly pointed out in his speeches and writings. The economy is growing, and the outlook for continued growth is favorable. The president has been encouraging the American people to be optimistic about the future and to continue to work hard to achieve their goals. He has emphasized the importance of education, innovation, and technological advancement in promoting economic growth. The president has also been pushing for increased investment in infrastructure and other areas to create jobs and stimulate economic activity. Overall, the president has been a strong advocate for a pro-growth economic policy that注重 stimulating the private sector and encouraging entrepreneurship and innovation. Under his leadership, the country has seen significant economic growth and prosperity.

AND OF INFLATION AND DEFLATION
sighted - and the well-managed businesses of the country.

The other chart, "Potentials for Tomorrow," describes, roughly the statistical objectives which it should be our constant concern to realize. It shows the upward sweep during the past 50 years in our population, in our production per capita and in our total production. Here we see how, despite depressions, inflations, political changes and wars we have benefited from the leverage of rising population and increasing productivity.

Trends have been drawn through the record of the past and have been extended through the next quarter century. Such trend projections show that if our growth in population and our progress in increasing productivity were to be no more rapid in the future than has been the case in the past, our population in 1977 would be 230 million, our production per capita would rise from $2,100 per capita to $3,900, and the value of total production would show a rise from $334 billion in 1952 to around $825 billion in 1977. These gains are impressive but must be emphasized that the trend-projections assume that our rate of productivity that really spectacular progress can be realized. The gains registered in production per capita could easily turn out to be much less in the future than they have been in the past because of improved medical technology, which should reduce the number of days lost because of illness and because full use of the improvements now clearly new in view in agricultural, industrial and metallurgical technology are capable of raising the rate of increase in the output per capita substantially.

We have inculcated in our laboratories, which are now so liberally financed by business and government and so well staffed with the best trained and the most practically imaginative scientists in the world, a host of new industries and an incredibly long list of new ways of producing more cheaply so that costs can be reduced and our markets can be widened. We are but at the beginning of a new age of technological miracles and I am convinced after 25 years of study of these matters that the really great phase of the technological revolution also lies ahead. Therefore, our potential capital for 1977 is that we could easily easily produce $220 million, producing goods a service valued in 1952 dollars at $3,900 per capita so that the total value of the nation's production would, however, be more than three-quarters of a trillion dollars.

This is not to say that we have achieved the ultimate of perpetual profit increase. Economic growth is by nature a jerky and uneven process and periods of glut in our markets and slumps in industry are probably inevitable. When consumers and business have gotten over their first disappointment at re-ach unavailing. Therefore, while the next quarter century will inevitably be a period of continued economic growth, it is likely also to be marked by considerable economic instability and extremely intense competition which will test the management skills of the business. It is going to take some time for business to take full advantage of the potentials for growth and at the same time to avoid the pitfalls in a highly competitive and unstable environment.

Guideposts for Business Planning

I am convinced that we will do well to base our planning, programming and budgeting on the following general assumptions:

(1) With our present pression-proof economy, there is no reason to assume that there is any prospect whatsoever that we could experience another 1929. After a long inflation boom in government, however well-intentioned, can provide assurance that any economy is depression-proof. History, experience, common sense and the facts of our economic life all argue persuasively that it simply cannot be done. Nevertheless, our New Administration is preparing its defenses against depression so carefully and it is reorganizing government economic policies so skillfully as to justify confidence that we will in fact be able to prevent any economic readjustment from being a long and disastrous major depression.

(2) "Little" depressions result from the need of a pause in a production expansion, and expenditures to offset over-expansion of business or consumer's inventory management. It is the country to growth to upper over-expanded production capacity and residential facilities. Such depressions never are very deep. "Big" depressions are, on the other hand, primarily financial in origin. They come when debts are so high, financial position so weakened, and institutions so exposed that a "little" correction developed into a deflationary struggle for liquidity. That is why the rise in debt is a matter for concern. Nevertheless, the financial policies of most borrowers and lenders are so strong today as to justify realistic fears that corrective depressions as we experience need not degenerate into deflations.

(3) With our Defense Program as large as it is, short-term fluctuations in the economy will be determined primarily by international developments and a business's effects on government expenditures. Another serious scarce could be temporarily inflationary. A greatly improved international situation would in all probability be deflationary from the point of view of the United States. However, our long range outlook shows that it is for a period of great growth and expansion no matter what happens in the international sphere.
The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date.
The State of Trade and Industry

The wholesale price index for the week ended the last day of June 1954, set another new peak of 113,183, according to "Ward's Automotive Reports." The statistical figure represents a decrease of 156,000,000 kwh, below the preceding week, due to the extended Independence Day Holiday weekend, but an increase of 814,000,000 kwh, over the like week in 1953.

U. S. Auto Output Drops Only 1.4% Below Previous Week

The wholesale price index for the latest week, ended July 2, 1954, according to "Ward's Automotive Reports," was 141,936, compared with 143,049 in the previous week, or 1.4% below the like week last year. Total new vehicle sales in the United States for the week were 157,365, as compared with 159,330 units last year. The statistical data included new car and truck dealers, trucking firms, and automotive parts manufacturers.

Business Failures Decline Slightly

Commercial and industrial failures dipped to 182 in the week ended July 1 from 215 in the preceding week, according to Dun & Bradstreet, Inc. While casualties were at the lowest level so far this year, there were 32 more failures than in the year before, when 169 occurred or in 1953 when there were 121 in the corresponding week. The proportion of failures was down 27% from the toll of 264 in 1959.

The number of bankruptcies filed in the week ended June 27 was 24, compared with 33 a year ago.

Manufacturers Price Index Extends Mild Advance

The Wholesale Price Index for the week ended May 28, 1954, published by the Federal Reserve Board's Wholesale Price Index of the National Bureau of Economic Research, showed a very slight increase for another week. The index, which represents the cost of a representative basket of commodities, rose 0.3% to a level of 180.6, the highest since March 20, 1954. The increase was due to higher prices for sugar, corn, and rye, as well as a rise in the index for new car dealerships.

Wholesale Commodity Price Index Continues to Ease

The daily wholesale commodity price index, compiled by the National Bureau of Economic Research, showed a slight decline for a second consecutive week. The index, which measures the prices of a broad range of commodities, was down 0.1% to 158.4, the lowest level since February 20, 1954.

Retail trade volume in New York City the past week showed a falling off from the like week a year ago. However, notwithstanding the Independence Day holiday weekend and day-long weather, day-to-day comparisons earlier in the week favored the current year. According to the Federal Reserve Board's index department store sales in New York City for the week ended June 26, 1954, increased an increase of 5% above the like period of last year. For the four weeks ended June 26, 1954, a decrease of 3% was reported. Department store sales registered a decrease of 3% below the comparable period of 1953.
Securities Now in Registration

Big Mesa Uranium Inc., Salt Lake City, Utah June 18 (letter of notification) 10,000,000 shares of common stock for $2.50 per share. Price—$2.50 per share. Proceeds—For mining expenses. Offer—Usher Bldg., Salt Lake City, Utah. Underwriter—Travelers Insurance Co. and Affiliates, 39 Exchange Place, Salt Lake City, Utah.


Bullard Co., Bridgeport, Conn. June 13 (letter of notification) office stock (par $10) being offered for subscription by common stockholders of record July 7 on the basis of one new share for each five shares held; rights to expire on July 21. Price—$5 per share. Proceeds—From sale of stock, together with funds from private sale of $5,000,000 of 15-year notes, to be used mainly to finance the building of a new foundry. Underwriters—Merrill Lynch, Pierce, Fenner & Beane, Hornblower & Weeks and White, weld & Co., all of New York.

Byrd Oil Co., Dallas, Texas June 15 filed 260,000 shares of 6% cumulative convertible class A common stock (par $50) to be offered for subscription by common stockholders at rate of one new share for each 2.5 shares held (with a 14-day standby). Price—$81 per share to stockholders, $80 per share to public. Proceeds—For payment of notes and accounts payable and for general corporate purposes. Offer—Duke, Rupé & Son, Dallas, Texas, and Straus, Blosser & McGeeney, Inc. (serving as underwriters).

California Electric Power Co. April 22 filed 105,000 shares of cumulative preferred stock (par $50), total of $5,250,000, and, together with proceeds from proposed issue of $5,000,000 of new first mortgage bonds, to redeem $8,000,000 3% bonds presently outstanding. Underwriter—Merrill Lynch, Pierce, Fenner & Beane, New York. Offering—Temporarily deferred.


Century Acceptance Corp. (7/16) May 27 (letter of notification) 8,000 shares of class A common stock (par $1). Price—$5 per share. Proceeds—For working capital and general corporate purposes. Offer—160 Pine St., New York City.

Chehokee Industries, Inc., Oklahoma City, Okla. May 10 filed 5,000,000 shares of class B non-voting common stock (par $1). Price—$1 per share. Proceeds—For construction, operating expenses and working capital. Underwriter—None.

Chehokee Utah Uranium Corp. (7/12) June 24 (letter of notification) 6,000,000 shares of capital stock (par one cent) $3,000,000. Price—Three cents per share. Proceeds—For mining expenses. Offer—East 44th South, Salt Lake City, Utah. Underwriter—Cromer Brokerage Co., Salt Lake City, Utah. Underwriter—None.


Chief Consolidated Mining Co. June 24 filed 1,252,608 shares of preferred stock (par $60) and 625,000 shares of common stock. Proceeds—to be offered for subscription by common stockholders of the company for the balance of an option of preferred and an option to purchase one additional share of preferred for 75 cents per unit. Proceeds—For development and general corporate purposes. Offer—Salt Lake City, Utah. Underwriter—None.


Germantown & Liberty Electric Light & Power Co., of Baltimore (7/19) June 24 filed $40,000,000 of first refunding mortgage bonds due 1978. Proceeds—To redeem $35,000,000 of outstanding First National of Westchester Lighting Co. general mortgage bonds. Underwriter—Shearson, Lehman Brothers; Bear, Loretto & Co.; Morgan Stanley & Co., Inc.; and The First Boston Corp. (jointly). Bids—to be received until noon (EDT) on July 19.


Consol. Edison Co. of New York, Inc. April 7 filed $50,000,000 of first and refunding mortgage bonds due 1966. Proceeds—to be applied towards the cost of redeeming $27,950,000 New York State refunding bonds of the Westchester Lighting Co. general mortgage bonds. Underwriter—Shearson, Lehman Brothers; Bear, Loretto & Co.; Morgan Stanley & Co., Inc.; and the First Boston Corp. (jointly). Bids—To be received by noon (EDT) of July 11, but have been postponed because of bad weather conditions. No new date set.

Contact Power Co., of Philadelphia (7/19) June 24 filed $60,000,000 of first refunding mortgage bonds due 1984. Proceeds—To be applied to the cost of redeeming $57,950,000 of 4% first mortgage bonds due 1978. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc., White, Weed & Co. and Paline, Webber, Jackman & Co. (jointly); Kuhn, Loeb & Co. and Harriman Riley & Co. (jointly); and Coombs & Harrison (jointly). Proceeds—To be received to be used to pay off record June 27 at 30 Rockefeller Plaza, New York, N. Y., on record June 27.


Danah Refining Co., Houston, Texas June 14 filed 110,000 shares of common stock (par $10). Price—$10 per share. Proceeds—For working capital.

Dividend Shares, Inc., New York July 1 filed 50,000 shares of common stock (par $1) to be offered to company's supervisory personnel. Proceeds—For general corporate purposes.

Eastern Airlines Inc. July 7 filed 2,000,000 shares of common stock (par $1) to be offered to the public. Proceeds—To be used to pay off short-term notes from the previous record. Underwriter—Dean Witter & Co., New York.

Eastern Utilities Associates June 9 filed 8,245,100 shares of common stock (par $10) held by Eastern Utilities Associates. Proceeds—to be used to pay off $25,000,000 of mortgage bonds due of record June 29 on the basis of one new share for each 12 shares held (with an oversubscription privilege); right of accumulation of $1.10 per share. Proceeds—to pay off $2,000,000 bank debt. Underwriter—Moore, New York.

Fairchild Engine & Airpace Corp. June 8 filed 377,551 shares of common stock (par $1) held by Fairchild Engine & Airplane Corp. Proceeds—to be used to pay off $16,666,666 of mortgage bonds due of record June 29 on the basis of one new share for each four shares held. Proceeds—to cover the issuance costs on the bonds. Proceeds—to be used for general corporate purposes. Underwriter—Merrill Lynch, Pierce, Fenner & Beane, New York.


Inland Uranium, Inc. June 17 (letter of notification) 5,000,000 shares of capital stock (par $0.01). Proceeds—For working capital. Underwriter—None.

Inland Uranium, Inc. June 14 filed 185,000 shares of common stock (par $0.01). Proceeds—For exploration. Underwriter—None.

International Bank of Washington June 12 (letter of notification) 25,000,000 shares of common stock to be offered first to stockholders of record June 18 at a price of $2 per share. Price—To be fixed. Proceeds—For working capital. Underwriter—None.

International Paper Co., New York, N. Y. June 25 (letter of notification) 90,000 shares of common stock (par $01), to be offered by the company for an aggregate price of $2,000,000. Proceeds—For reserves and surplus. Underwriter—None.

Inter-State Uranium, Inc., Salt Lake City, Utah July 1 filed 1,000,000 shares of common stock (par $1). Proceeds—For reserves and surplus. Underwriter—None.

Kendron Electronics Co., Inc. April 21 (letter of notification) 50,000 shares of common stock (par $1). Proceeds— For exploration. Underwriter—None.

King Copper Mining Corp. (7/15) June 2 (filed under Regulation “D”) 285,000 shares of common stock (par $1). Proceeds—For exploration. Underwriter—None.

Kodak Electronics Co., Inc. (7/29) June 18 filed 1,000,000 shares of common stock (par $1). Proceeds—For exploration and development costs, purchase of equipment, and reserve for acquisition of additional properties. Underwriter—First Boston Corp. and W. C. Langley & Co., all of New York.

Las Vegas Continental Hotel, Inc. May 6 filed 500,000 shares of common stock (par $9.80) and 500,000 shares of common stock with a par value of $10.40. Proceeds—For working capital. Underwriter—Las Vegas, Nev.

Long Island Lighting Co. June 17 filed 690,652 shares of common stock (par $1) being offered for subscription by common stockholders of record July 7. Price to be fixed on the close of business of each of the first five trading days following July 7, 1964, and all the shares so fixed to be sold to long-term holders on a first-in, first-out basis. Underwriter—None.

Lost Cord Mining Co., Inc. June 21 filed 15,000 shares of common stock (par $1) to be offered to the public. Proceeds—For working capital. Underwriter—None.

Marine River Uranium Co. (7/12-13) June 15 filed 100,000 shares of common stock (par $10) to be offered to the public. Proceeds—For working capital. Underwriter—None.


Oakland Co., Inc. (7/12-13) June 15 filed 100,000 shares of common stock (par $10) to be offered to the public. Proceeds—For working capital. Underwriter—None.

Philadelphia & San Antonio Gas Co., Denver, Colo. June 21 (letter of notification) $95,000 of 5% debentures, series A, due July 1, 1962, and $95,000 of 6% debentures, series B, due July 1, 1970. Proceeds—To acquire assets Continued on page 40
Hutzler; Proceeds—To Co. writer—None.

& shares


Morarch Uranium Co., Salt Lake City, Utah June 16 filed 8,000,000 shares of common stock (par $1). Price—At the market price then prevailing on the New York Stock Exchange, or through special offerings of shares (provisions). Proceeds—To Lehman Brothers (400 shares) as underwriter. Proceeds—To Lehman Brothers (240,000 shares) as underwriter. Proceeds—To Lehman Brothers (2,000,000 shares) as underwriter. Proceeds—To Lehman Brothers (500,000 shares) as underwriter.


**Prospective Offerings**

**American Natural Gas Co.**
April 28 stockholders approved a proposal to increase the authorized common stock from 4,000,000 to 5,000,000 shares. The increase will be used when necessary. Offering will probably be made to provide working capital and for their construction programs. Underwriter—None.

**American Telephone & Telegraph Co.**
June 15, 1934. The company is reporting a huge issue of straight debentures. Underwriter—To be determined. Underwriters: Halsey, Stuart & Co., Inc. and the First Boston Corp. (Jointly); Morgan Stanley & Co. Inc.

**Wyatt Oil & Gas Corp., New York.**
April 30, 1934. The company filed $10,000,000 of common stock (par $1). Price—$1.12 per share. Proceeds—For general corporate purposes. Underwriters: Robertson, Cleary & Co., Seattle, Wash., on "a best efforts basis."
Pembina Pipe Line Co. (Canada)
April 14 it was reported Pembina Pipe Line Co. has been granted the right to obtain a permit to build a 72-mile pipe line to transport crude oil from the Pembina Oil Field near Fort Smith to Chicago, according to a statement issued jointly by Mannix Ltd. of Calgary, Done Exploration Corp., and C. M. Loeb, Rhodes & New York.

* Pioneer Natural Gas Co. 
June 14 it was reported holdings of 767,721 shares of this company's common stock were sold by Sinclair Oil Corp. Bids—This issue was advertised for sale to the public by Union Securities Corp., New York.

Public Service Co. of Colorado
April it was reported company plans to finance its 1954 construction program through temporary bank loans, with securities to be floated delayed until later in the year. Previously, the company had planned to float an issue of $15,000,000 first mortgage bonds, due 1984, and it is in competition with a similar bond issue by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kuhl, Loeb & Co.; The First Boston Corp.; Harris, Hall & Co. Inc.; Harriman Ripley & Co., Inc. and Union Securities Corp. (jointly); Lehman Brothers; Kidder, Peabody & Co.; Blyth & Co., Inc. and Smith, Barney & Co. (jointly). 

Puget Sound Power & Light Co.
April it was reported company is planning to refund the company's long-term debt. Bidders may include Halsey, Stuart & Co. Inc.; Lehman Brothers; Stone & Webster Securities Corp. and White, Weid & Co. (jointly).

Resources of Canada Investment Fund, Ltd.
April the SEC authorized the company to register as an investment company to make a public offering of securities in the United States.

Ritter Finance Co.
June 8 it was announced stockholders will be given on Aug. 17 a chance to participate in an initial offering of common stock. Proceeds—Set up to be used to make a public offering of securities in the United States.

Rockefeller & Electric Corp.
May 17 it was reported company may issue and sell this year some $2,000,000 of new bonds. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Blyth & Co., Inc.; Kidder, Peabody & Co.; Blyth & Co., Inc.; Lehman Brothers & White, Weid & Co. (jointly).

San Diego Gas & Electric Co.
April 28 it was reported company plans to offer late in 1954 (probably first to stockholders) $5,000,000 of additional common stock.

St. Joseph Light & Power Co.
March 30, C. A. Semrad, President, announced that the company may raise new money this year through the issue of $1,000,000 of new 5% convertible debenture bonds for its 1954 construction program, which, it is estimated, will cost $1,661,000. Underwriters—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co. and Glore, Forgan & Co. (jointly); Union Securities Corp.; White, Weid & Co.; Equitable Securities Corp.

Scott Paper Co.
April 27 stockholders approved proposals which increased the authorized common stock from 5,000,000 to 10,000,000 shares and the authorized indebtedness of the company from $25,000,000 to $50,000,000. The company also authorized amendment to the by-laws of the company. Underwriters—Blyth & Co., Inc.; Sandham, Bannet & Co. and White, Weid & Co. (jointly). 

State Trust & Savings Bank (Wash.)
June 16 it was announced that stockholders of record June 23 will be offered rights to subscribe on or before July 16 for 2,000 additional shares of $50 par capital stock at $50 a share. The holders of 2,500 shares held. Price—At not less than $85 per share.

Shasta Water Co.
June 24 it was reported the directors plans to issue and sell some additional common stock (par $2.50), probably loans between $20,000 and $25,000. Underwriters—(1) For bonds, to be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; The First Boston Corp.; Dean Witter & Co. (jointly). (2) For preferred stock, previous financial institutions and the First Boston Corp. and Dean Witter & Co. (jointly).

Standard Oil Products Co.
June 11 it was announced an offering of about 200,000 shares of common stock will be made to the public. To be named later. Proceeds—To selling stockholders.

Trans-Canada Pipe Lines, Ltd.
July 1 it was announced new Thomson-Starrett Co., (following merger of Roberts & Schaefer Co.) plans to issue and sell at an early date 145,000 of preferred stock (par $10). Proceeds—To retire bank loans. Underwriters—Dean Witter & Co. and Kemp & Co., both of New York.

Transcontinental Gas Pipe Line Corp.
March 16 it was reported company plans later this year to permit sale of about $22,000,000 of new 5% convertible debenture maturing in one to 10 years, of which $22,000,000 principal amount will be offered publicly and $75,000,000 reserved for offering to the United States Steel & Carnegie Pension Fund, trustees of a pension fund established for the benefit of United States Steel Corp. employees. Proceeds—To restore in part working capital and provide funds for company's constant expansion and modernization program. Underwriters—Union Securities Corp., New York.

United Steel Corp.
June 29, Benjamin F. Fairless, Chairman, announced that the corporation will issue and sell additional common stock to stockholders. Underwriters—if underwritten, it will be handled by Roberts & Schaefer Co. (jointly). 

Wells, Fargo & Co.
July 8 Bank offered 200,000 additional shares of capital stock, which will be sold to the public at the price $15 per share, making a possible refunding of the outstanding $6 preferred stock, which is to be handled by Underwriters—William R. Staats & Co. and Blyth & Co., Inc. 

Wells Jet Services, Inc.
June 30 it was reported company may in September announce a new issue of stock and sell additional common stock to stockholders. Underwriters—if underwritten, it will be handled by Roberts & Schaefer Co. (jointly). 

West Coast Transmission Co.
Oct. 31, 1953, company announced new company plans to issue up to $1,000,000 of additional first mortgage bonds in 20-year, first mortgage bonds; and $24,460,000 in subordinated bonds, for an additional 4,100,000 shares of common stock to be sold to the public. Proceeds—To construction of a natural gas pipe line from the Canadian Pacific to the Western Washington and Oregon. Underwriter—Rastman, Dillon & Co., New York.

Western Pacific RR. Co.
June 28 it was reported stockholders will vote June 26 on approving a proposal to allow the company to sell first $2,000,000 of additional preferred stock, without obtaining approval of preferred stockholders, and to sell $6,500,000 of these bonds. Proceeds—To reimburse company for deficit, to be used primarily for future improvements. Underwriters—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp. (jointly); Blyth & Co., Inc.; Lehman Brothers and Blyth & Co. (jointly).

Wheeling Electric Co.
June 28 it was announced company plans permanent financing. Proceeds—To retire bank loans. Underwriters—Previous bond financing in 1952 was handled by Blyth, Reid & Co. Inc.
The Security I Like Best

Ingredient which so many of us lack
I believe that the necessity for a degree of patience and the fact that the stock is actually not known to begin investors led to the general lack of appreciation of Texas Eastern Production companies. By that I do not mean that the stock now should necessarily be selling at a substantially higher figure than the present 10, but I do think that recognition should be given the possibilities of this picture becoming a substantial part of the overall Texas Eastern Transmission situation. (The stock is traded in the OTC market.)

It was just a note or a year ago that the Transmission Company offered its stockholders the right to subscribe to its Consolidation Corporation stock at $10 per share. The offering was not considered successful as far as public participation was concerned, but under the terms of the agreement, Texas Eastern Transmission purchased all the unissued stock at the same price. This purchase, together with other subscriptions and cash advances later turned into stock at $10 per share, has resulted in Texas Eastern Transmission owning 68% of the outstanding stock of the newly constituted company.

During the first several years of its operations, the company, as a company of this type, operating in an oil field, might be looked upon as a small company, as against 1953 gross of $1,546,000, it is estimated, on the basis of these operations, to have a 1954 annual earnings of $400,000, which is more than the company has made in any year since its inception. It might be thought that this figure is conservative.

The company, with funds supplied by Texas Eastern Transmission and Neptune Oil, has recently consolidated Triangle Pipeline Co. This company, bought for approximately $3,250,000, was the last of a series of acquisitions made in an effort to develop a pipeline business and the Production Company. The company has the right to purchase Triangle from Production for the next two years at cost plus any increase in the earned surplus account on the books of the company during the period of purchase.

I believe that this stock is worth more than the current 10, and it represents a relatively conservative speculation in the oil and gas fields, since more money is being handled by people who are able and experienced and successful men in this field.

Joins Pierre Smith

ELYRIA, Ohio—Donn M. Barber is now with Pierre Smith build-up of reserves and properties of Building, members of the Midwest Stock Exchange.

Joins Foster & Marshall

los ANGELES, Calif.—James Dahl has been added to the staff of Foster & Marshall, U.S. National Bank Building.

With Standard Inv.

LOS ANGELES, Calif.—James Dahl has been added to the staff of H. L. Jamieson Co., San Francisco West Seventh St.

Joins E. D. Andrews.

IPSWICH, Mass.—Harry Greenberg has joined the staff of Edgar D. Andrews & Co., Central St.

With Reynolds & Co.

SAN FRANCISCO, Calif.—Leslie A. Wells, Jr. has become a member of the staff of Reynolds & Co., 425 Montgomery Street.

Our Reporter's Report

The investment banking fraternity, returning from its long holi¬day, found the market firm this week. True the undertone in the new market and likewise in the securities issued last year by many of the large banks has removed any rushing things even though a bit more5 more incentive to reach a little for their needs. But demand for recent new issues, which have been lagging, did not reflect any substantial change in the attitude of potential buyers. However, sponsoring which have been proposed to be in any hurry to turn such offerings loose from syndicate.

With Invertors Planning

BOSTON, Mass.—Calvin A. Hill is joining from H. R. McFarland with Invertors Planning Corp. of New England, Inc., 6 Devonshire St.

Joins McClure Staff

BOSTON, Mass.—Conrad N. Northrop, Jr., a member of Visions Brothers, is now associated with McClure, Dimond & Co., of Providence.

ABN AMRO CAN COMPANY

On June 29, 1954 a quarterly dividend of 15 1/2 shares, or $3.75 per share, was declared on the Common Stock of this Company, payable August 15, 1954, to holders of record at close of business June 21, 1954.

EDWARD ROSS, Secretary

#DIVIDEND NOTES

The Directors of the Company, incorporated, on June 24, 1954, declared a regular quarterly dividend of 15 1/2 shares, or $3.75 per share, payable August 15, 1954, to holders of record at close of business June 21, 1954.

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WASHINGTON, D.C.—Events occurred during the month of June which, in the opinion of the more seasoned observers in Capitol Hill, will force an eventual "agonizing reappraisal" of U. S. foreign policy.

U. S. foreign policy is reared in vast expenditures, still relatively high taxes, and continues to be largely春夏秋冬 monetary inflation. Hence, if there is to be any major shift in U. S. foreign policy, it would have important repercussions upon the nation's economy.

The concensus at the Capitol in that this change of foreign policy of the United States, if and when it does come, will not come soon enough or be sharp enough to affect materially the war-effort of the United States for the balance of this year, is now well known.

So the "agonizing reappraisal" is something for the calendar year 1955.

June's first major event was the collapse of any substantial hopes for bringing France actively into a Western European military defense. The arduous business of cooperation with Britain, the U. S. and other Western nations in this area has always been as arduous for the Western Allies, but French participation, "collective security" for Western Europe has always been expected.

While there can always be voices to say that the French have not done as much as some of our most observant public observers would like them to do, there is no question but that the dream of collective security in Western Europe is now very much alive.

End Asian Hopes

Like the Chinese worried about the visit of the British Prime Minister and Foreign Minister, Stripped down to essentials, as this writer saw on the United States, Britain has clearly indicated that she will engage in no further financial help for the Asian nations, as long as they are under present foreseeable conditions.

So in the net, June brought proof, adequate for the "pruning" of the United States' involvement in a whole fabric of "collective security" in Europe, as well as the dire situation at the direction of U. S. military expenditures. The direction of U. S. military expenditures is a question of increasing the military power throughout the world, and the expensive and complicated program of the Foreign Operations Administrations are not predicated upon the supposition that France and Britain will continue to be in the common enemy and prepared to throw their forces into the balance with the United States.

Now "collective security" in fact has been a failure in comparatively few countries like India, who still feel under threat and who hence are willing to participate actively.

Hang Back

Eventually the Administration itself, even without outside prodding, could be expected to discover the "agonizing reappraisal." The militarily weak peoples themselves would be pressing for such a new assessment for that is the only way in which even the comparatively few countries like India, who still feel under threat and who hence are willing to participate actively.

Hopes

In the first place, the President rose from his obsolescence to the very peak of importance as the foremost military advocate of collective security. It is difficult for the President, however, to acknowledge that what they worked for so hard is a failure. Under present circumstances Mr. Eisenhower's predicament is to hang back. Collective security was always adopted by the Democrats. However, Mr. Eisenhower is chiefly the advocate of his predecessors, and it thereby becomes the policy of the Republican Administration.

It is naturally difficult for a President in such a position to back off, look askance at the faces of his colleagues, and provide all of the compelling events of June, and agree to the President's hesitance. Such an acknowledgment would be hard to make personally, and on the one of the elections would not help his party or his presidency.

Difficult to Implement

Finally, with Congress preparing to wind up its business, it will be difficult to devise a whole new set of foreign aid and new policies base thereon, and get them authorized in time for legislative enactment this year.

It is in this light that the statement of the President to the Minority Leaders of the Senate healthily on June 17, by senator William F. Knowland (Cal., R.) served notice that if Red China repudiate membership in the United Nations, it would resign his position of Republican leadership in order to fight the UN Congress, as has other Republican leaders.

Senator Lyndon Johnson (D., Tex.) went much further, "I think the American people, if they want to have to stop and take a long, hard, careful look at the whole situation, I think we have to weigh in freedom of the country which has been operating for the past few years," the Texan leader said in part.

Those American people, he said, "want to know the extent to which this aid will actually back the legitimate objectives of the United States and the extent to which it will maintain policies which no longer have validity."

So the job which Senators Knowland and Johnson are doing is the probing job. They recognize the force of inertia with World War II, which is operating upon the President's remarks in sending up a request for an additional $3,5 billion for foreign aid, reflected in the opinions of the skippers of the Ad Hoc Security and the faith which the President still has in that concept, as does his remarks since the failure of the Churchill - Eisenhower foreign policy, in which the two Senate leaders are acting as individualls, acting on behalf of their official party organizations, reflecting sentiment arrived at in the party caucus. Senator Johnson is personally inclined to act as an individual, and his statement is regarded as noteworthy in view of the fact that "collective security" was notably a Democratic party concept.

Makes Water Loans

One of the interesting things about this great government is that it is doing so many things, that the average person doesn't discover what it has been doing something for many years.

There is now about to pass a new, broad expansion of a 16-year old activity, and the request of the Eisenhowen Administration for this extension of power brought to light this comparatively obscure program.

In 1938 the government started making loans to farmers in 17 western states for construction, improvement, or expansion of water facilities, including wells, irrigation systems, lines from the well to the barn, pumps, ponds, etc.

Individual farmers may borrow up to $5,000 for water facilities, on terms not exceeding 20 years of repayment, and for the cost of only 3% interest. Associations of water users (primarily in irrigation areas) may borrow up to $100,000 per loan for terms of 40 years, also at 3% interest.

The loan cannot exceed 100% of the value of the water facilities financed, and is approved only if satisfactory credit on suitable terms is not available from private sources of credit or the government's Farm Credit Administration. It is difficult to imagine any private source of credit being able to extend such liberal terms, and therefore offering a "satisfactory" source of credit to a borrower.

However, the Farmers Home Administration of the Department of Agriculture does not insist that it be "satisfactory," a private source of credit should be so liberal. If the farmer can finance it privately and isn't picked to badly on interest, they will insist he borrow it elsewhere than from the government.

Would Liberalize Program

It is proposed by the Eisenhower Administration that this program be considerably liberalized. For one thing, the Administration wants such loans to be made 'to farmers throughout the country, not merely in 17 western states. Second, the Administration would raise the loan limit per individual from $5,000 to $25,000, and the loan limit per "water association" from $100,000 to $500,000.

Legislation incorporating the recommendations of the Eisenhowen Administration has been reported out favorably by committees, of both Houses, and the Senate already has passed its bill. The House is likely to do so also any day.

In the Senate bill there is an added feature, NOT recommended by the Eisenhower Administration. It would provide for government insurance of private water facility loans to the total of $25 million of such loans, alone.

Already $34.2 million of such loans have under the present measure, have been approved. Business is picking up and already about $5 million of the $54.2 million of approvals during the past 15 years have been in Colorado, a state that was not quickly moving inevitably in the direction of a system of National Pensions.

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Business Men's Bookshelf


Free Trade: America's Opponent—by Robert Schalkenbach Foundation, 50 East 69th Street, New York, 21, N. Y.

Local Service Air Transportation and a Metropolitan Helicopter Services—A study from the Investment Banking viewpoint—by Investment Bankers Association of America, 33 South Clark Street, Chicago, III. (paper).

New York Bankers Association Services and Activities—Reference Guide containing time, place and other information on each of the Association's major programs, by New York State Bankers Association, 33 Liberty Street, New York, 5, N. Y.

Stock Buying Guide—by Sam Shilsky—Pawlet Books, Inc., 251 Greenwich, Conn. (paper) 75 cents (hard cover, $1.50). (paper)

What Do You Know About Trucks?  — Automobile Manufacturers Association.—New Center Building, Detroit, Mich. (paper) copies on request.

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H. L. Robert, President. 1954. 2-88-01