EDITORIAL

As We See It

It is as yet too soon to undertake anything in the nature of a definitive appraisal of the record of the Eisenhower Administration in the 83rd Congress. Too much uncertainty still exists as regards the final disposition of a number of important pieces of legislation and too much ob­security at this time surrounds the precise terms of complex legislation still subject to alteration in the final steps of passage to the statute books of the nation. The outcome is apparently rather uncertain to contain some constructive achievements and fully as certain to carry a good deal that sober reflection suggests should not become law. Though far from flawless, the measures now ap­parently scheduled for passage are, it would appear, less burdened with the anti-business venom and the socialistic slants than have been most legislative programs of recent years, but how great or how vital the difference remains for the future to disclose.

Meanwhile, the closing days of this session of Congress have furnished a forceful reminder of some of the shortcomings of “politics” and of the defects of the practical workings of democracy as practiced in this country—and, if the truth be told, as practiced anywhere in the world. One need but review the career of the pending tax bill to be reminded once again that fiscal states­manship is always in danger from the ordinary garden variety of politics. Here is a measure which has been undertaken with the hearty and hard­working cooperation of many specialists to give the country a carefully drawn tax system consistent within itself and effective from an admin­istrative standpoint. It also in an extremely, even

Continued on page 39

How Realistic Is Our Foreign Economic Policy?

By HON. FRANK CARLSON*
U. S. Senator from Kansas

Senator Carlson covers the whole field of foreign trade policy in both its domestic and international aspects. Says first plank in our foreign economic policy should be a sound dynamic and progressive domestic policy and cites responsibilities of Federal Government under the Full Employment Act. The principal objectives of our foreign economic program: (1) curtailment of foreign financial aid; (2) encouragement of private investment abroad; (3) facilitation of currency convertibility, and (4) expansion of our foreign trade. Concludes our foreign policy is realistic and should be tested by the degree in which it results in a higher level of two-way trade.

By limiting ourselves to the question of how realistic our policy is, we are forgetting the necessity of debating the details of an ideal policy—that is, the kind of a policy which we might feel was appropriate and which we might hope to pursue in a more stable, friendly world. We are spared also the necessity of going over the pros and cons of free trade or protectionism. These are issues upon which un‑cal speech have been made in the United States Congress and the debating forums for decades. They are issues upon which honest differences of opinion exist and probably will continue to exist for many more years. By focusing our attention upon the question of realism, we may be saved from much of the tradition­ality and emotionality which so frequently intrude when tariff pol­icy is discussed. In discussing the realism of our foreign economic policy, we must, of course, have some meeting of minds upon our policy.

Continued on page 14


Major Depressions Are a Thing of the Past!

By GEN. FRANK R. SCHWENGE]*
President, Joseph E. Seagram & Sons, Inc.

Gen. Schwengel bases his conclusion that boom-and-bust periods belong now to the past on (1) measures that have been taken to make the American economy more stable, and (2) the potential developments and strengths inherent in the American economy and the legislative and admin­istrative programs ensuring stability: (1) measures to prevent bank failures; (2) sound regulation of bank credit; (3) widespread improvement in home financing; (4) broad­ened social security legislation, and (5) programs in better labor-management relations. Denies prosperity rests on huge defense expenditure.

Events since the end of World War II have led to the heartening conclusion that the United States has learned how to avoid deep depressions accompanied by large­scale unemployment. Nine years have passed since the end of hostilities and yet in spite of the great misjudgments created by the war — in spite of the great political uncertainties that prevailed for the greatest period after the war, business activity in the United States during this period remained near its highest levels.

To be sure, the country witnessed a rolling readjustment in 1948-49 which affected primarily the soft goods industries — and again one which we saw begin in July 1953, which in turn affected primarily the durable consumer goods. In both cases, however, the declines were relatively minor in character; the total merchandise sold decreased but the disposal income of the people remained at a high level.

While perhaps not enough time has passed to render a complete analysis on page 29
A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

(Herbert E. Greene)

The Security I Like Best

The Philippine Long Distance Telephone Company

To the extent furnished service throughout the Islands through its own facilities and those facilities of other telecommunications companies. The principal islands served were Luzon, Mindanao, and the Visayan Islands. The Davao Telephone Company, wholly owned, operated in Mindanao. Direct connection between telephone facilities of the company's system with those in the United States was maintained by means of radio channels between the island of Luzon and California, which afforded communication by telephone, through the facilities of the American Telephone and Telegraph Company to stations in every part of the world.

The tablaulation indicates annual earnings per share as related to number of telephone services.

In a "nut shell," we have here a soundly financed, well managed, utility company, paying extremely liberal dividends with a terrific growth factor selling for less than one-half of the price of comparable stocks. We think this quality in this country.

The stock is traded in "over-
the-counter" market on the New York Stock Exchange. Approximate price 4%.

Florence W. Stephens, New York, N. Y.

Mars Corporation Glass A Participating Preference Stock

Occasionally a company goes through growing pains for a number of years. It is extremely pleasing to be aware that a substantial industry in the Philippines is developing in the field of radio. By that this is often too much to load the load. In the case of Mars Corporation the impetus has been getting under way gradually until at present it is a well-rooted tree. It is believed that there will be something in different directions, but is still in the development stage.

Mars started as a sole ownership in 1916, became a partnership in 1927 when the son of the first officers was deceased. In March, 1923, was formed into a corporation and the business was, and still is, the dealing in secondary non-ferrous metals. This metal industry has been developed from large industrial concerns and government installations and is partially processed and sold to various types of brass, copper, and steel. The World War I, due to the increased industrial

Continued on page 8

A glimpse of the future is a very desirable thing, and to the technical people it is more important than it is to the ordinary working folks. And I have no doubts that we shall see a rapid and easy increase of the use of the telephone.

The telephone, as we have it today, is in its infancy. It has only been in existence a little over a hundred years, and yet it has already revolutionized the way in which we live and work. The telephone is a remarkable invention that has changed the way we communicate with each other, and it is likely to continue to do so as technology advances.

The security I like best is the American Telephone and Telegraph Company. This company has been in existence for over a century and has a long history of success. It is a well-established company with a strong track record of profitability. The company's stock is widely held and widely recognized, and it is a good investment for anyone looking for stability and growth.

The telephone is a universal medium and can be used for a wide variety of purposes. It is used for personal communication, business and finance, and even for government and military purposes. The telephone is also used for entertainment, education, and health care.

The telephone has been one of the most important inventions in history, and it will continue to be so in the future. The telephone has changed the way we live and work, and it will continue to change in the years to come.
The Outlook for Business and Securities

BY JULIAN D. WEISS

June 1954

In view of the latest analysis of business and stock market conditions, Mr. Weiss concludes business activity in the second half of 1954 is likely to be better than the first half. Wares, however, stock market is no longer in area of underevaluation, and the long-trendled, a nominal, is warranted. Holds no major decline need be anticipated, and long range trend remains upward. Centres in next few months the Dow-Jones Industrial Index will average is likely to exceed the 1929 highs.

Analysis of the business and stock market situation provides basis for the following conclusions:

Business

For the past four months, there has been a readjustment stemming from early monetary re-duction, (b) setbacks in government spending programs, (c) reduction by consumers in their expenditures for durable goods.

Weiss finds that the decline in business activity is not one of proportion of the Inventory corect being eliminated in inventories and in provide savings that have been been-wittnessed in various sectors. Producers and other buyers have been coming back into the market, and Government expenditures for defense purposes will increase. Public purchasing power is high, and therefore disposable income has declined only slightly, from 1953.

Ac-tually, there has been a contraction in the number of business establishments. Business activity in the second half of 1954 is likely to average the first half results. Business is on a high plateau, and up to a point improvement beyond the past few months the number of establishments is probably over the short term. There is a opinion, 1954 will be the second best year in business activity since the overall economic viewpoint. We definitely do not envision a depression.

Stock Market

The stock market has been settling down from the very op- timistic expectation. There has been a rise of 82 points on the Dow-Jones Industrial since mid-September, in February. The decline in this circulation has approximately 10% from August, 1953.

We have pointed out many times the tendency of the stock market to move opposite to business over the past decade. The market funda-mentally is not overpriced in relation to current and prospective dividends, but no longer is an indicator of the trend in commerce, and now in the area of the upper trend line (long term) and while earnings are still good, we, nonetheless, feel caution is warranted. Thinking in terms of the monthly ahead. A major decline on a bear market trend is not anticipated.

The probabilities, over the months ahead, point to consoli-
date-out. The long-term trend remains upward. There is no change in our previously expressed view that the current bull market.- in the next few years, is likely to exceed the 1929 highs of 294 on the Dow-Jones Industrial Average.

Many people have stated, "the bubble must break." What we have is more than a bubble. It is fundamental. The major factors which would likely to prove the de-
termination of the long-term busi-
ness trends, are summarised below:

1. **Huge Population Increase.** With population limits, substantial increase in population, which increases aggregate cons-

umption in this country.

2. **More Consumers.** The fact that consumer buying of "highly visible" increases in the population are in the younger "old old," at the less ends of the population curve. This means a relatively greater in-
crease in consumers that do not fit in the "middle-age groups" which constitute the bulk of the working population.

3. **Broader Income Basis.** The major change in the distribution of national income. This makes the "market for products" a good product which for-
mently was a "class market."

4. **Deficit Financing.** In most years the Federal Government has operated at a deficit and this, in turn, means a further expansion in the money supply, with a consequent effect on the price level of the country. The money supply in the United States has tripled since 1929 and quadrupled since 1929.

5. **Credit Policy.** For policy reasons, no Administration can expand or contract money and has, in the past, been used to tighten money the first half of 1953, and the fact that political necessities forced a reversal of that policy, with reduction in member bank reserve requirements, the redis-

count rate, etc. All this has continued high easy money.

6. **Corporate Cash Flow.** We refer to the huge cash "throw-off" from this increased money and amortization and the fact that for many, major companies the cash "throw-off" from these sources in the past three or five years has more than doubled.

7. **Dividends.** Because of the great amount of cash, even if reported Continued on page 20

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THE COMMODITY AND FINANCIAL CHRONICLE

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A Long-Range View Toward Higher Stock Market

By GEORGE C. ASTARITA


Members, New York Stock Exchange

Mr. Astarita finds stock market conditions sound, though he warns "blue chips" are relatively high and may have temporary setback. Sees greatest speculative opportunity in secondary stocks, so far there is solid basis for an almost continuous upswing of stock prices during the next two decades. Holds new theory of compensatory spending helpful to "prosperity.

For the first time in history a business recession has been accompanied by falling industrial and commercial values and a perceptible diminution in purchasing power. Production has been lowered as the result of inventory adjustments and soft spots have appeared in the economy as the automobile and other segments of the consumer goods industries. The problem of the depression of agriculture. It can be said that the mores and the market as a whole is one of a healthy man, a saucer-shaped formation of business is now evident as an over-all rise imminent as the result of the gradual diminution of the forces and the revitalization of defense forces. The immediate future, spirit money and an Administration friendly to business, appears bright but the plangent amount of production with its attendant factors of price pressure and lower profit margins would seem to temper too great a deal of enthusiasm. On balance, however, a favorable attitude toward business would seem to be justified. Political considerations, as November approaches, will deserve careful attention.

In view of having successfully weathered a mild business recession and in the meantime having enjoyed a substantial stock market rise, what is the outlook for the market during coming decades? Is it true that the rise has been made on speculation and in what is termed the "blue chip" stocks and that perhaps some 65% of all listed stocks are still below their 1946 highs. It is also true that the Dow Jones Averages, which are made up for a most significant part of blue chips, would be cheaper today in relation to assets, earnings and dividends than at years past. It should be remembered, however, that the picture as a whole is of a healthy man, a saucer-shaped formation of business is now evident as an over-all rise imminent as the result of the gradual diminution of the forces and the revitalization of defense forces. The immediate future, spirit money and an Administration friendly to business, appears bright but the plangent amount of production with its attendant factors of price pressure and lower profit margins would seem to temper too great a deal of enthusiasm. On balance, however, a favorable attitude toward business would seem to be justified. Political considerations, as November approaches, will deserve careful attention.

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The State of Trade and Industry

The Federal Reserve Bank's National Summary of Business Conditions

A Washington, D.C., meeting of the Board of Governors of The Federal Reserve Bank commenting on the national summary of business and financial conditions in U.S. A. for June and the first week of July follows:

Industrial and construction activity changed little in June. Retail trade activity continued generally at the same level as in the previous month, although sales of some goods also increased. Steel prices were advanced early in July, following an increase in wage rates, while prices of most other commodities were stable after mid-June. Common stock prices reached new highs. For the Reserve's interesting and informative summary of conditions in the various departments of industry and finance please refer to another page in this issue. That summary analysis is worth careful consideration by every business man.

Iron Age' Views Future Steel Production

With Optimism

Steel orders are expected to pick up noticeably within the next 30 days, according to The Iron Age, national metalworking weekly. Orders are expected to be plentiful for Production for September production. Steelmakers expect September to reaphead a steady fall upturn.

The July steel business is fully as sluggish as had been predicted. August business, which is now pretty well on the book, is not expected to improve.

Biggest reason for slow business now is plant-wide vacations of many steel consumers. Over-ordering in the early part of the year, against a possible steel strike has also resulted in less business now. In addition, there has been some tapering of auto production as producers are getting ready to introduce new models.

A number of factors which make the steel market seem ripe for upturn.

(1) Business in general has weathered the "adjustment" period in plant closing and buying to a period of steady gentle improvement.

(2) Steelmen's correction on top of overall economic adjustment has caused steel business to be curtailed more sharply than most manufacturing industries. Now that inventory correction has just about run its course, steel business is likely to be more in line with most industries.

(3) Steelmen's factories are again important again. This makes it as natural to expect an upturn in the fall, as it is to expect a full upturn in the spring.

Steelmaking operations this week are scheduled at 66.0% of rated capacity, a gain of 1½ points over last week's revised rate. This rate is also 8.0% above the rate on July 1 last year (58.0%).

Market for sheets and strip both hot- and cold-rolled is generally strong. Sales are good and stocks are very tight. Tinplate is beginning to ease from price of last few weeks. Sheethouse buying is now being held up with wide flagens under a little pressure. Oil country goods are still strong. Railroad demand is weak. Farm products are moving fairly well. Agricultural buying is quite steady. Expect increased buying this five weeks of decline. Increased The Steel Age Scraptong for the past week is 93.2. This is 7.4% above the past five weeks of 86.8.

Steel is Optimistic About Improvement in the Steel Industry

Basic soundness of business is reflected in the rebound of steel production after the Fourth of July holiday. This situation is continuos page 31
A Long Range Appraisal of the Electronics Industry

By ROSS D. SIRAGUSA
President, Admiral Corporation

Electronics executive, commenting on the rapid rise of electronics industry in past 30 years, reveals that production in this field has reached $11,000,000,000 per year and that industry is 6th largest manufacturing industries. Cites progress of Admiral Corporation as case in point, and makes a long-term appraisal of the TV and appliance markets. Holds both markets to be among the most promising harvest fields. (Continued)
"A Share in America"
By ANTONIO JUAREZ*  
Senior, Williams High School, Williams, Arizona

In short essay, young Mr. Juarez points out investment in stocks and bonds serves to make the American's ability to grow and expand, thus working for the benefit of society as a whole; and (2) it provides income and increase in capital values for the investor.

America is the richest country in the world—richest from the point of view of productive resources and the American's ability to use them with discerning judgment. No other nation has greater industrial capacity than America. America has the inherent genius to develop factories, machines and raw materials to obtain the greatest good for mankind. The American genius of organization has developed industries into efficient, well-organized enterprises. The large number of industries and the goods which they produce account for our country's great wealth. Who wouldn't want a share in our great American industry?

We know that the problem of meeting life's risks is a great one. There are many factors that can easily destroy life's necessary foundation for financial security—illness, accidents, and sickness are a few of these factors. One should prepare to meet life's emergencies by savings and investments. A great number of people have surplus incomes which provide a means of security. These cash resources or reserves, when invested periodically in securities, provide the investor with cash dividends which often help to increase the value of the original capital.

Investment in stocks and bonds is the best way of enabling one's surplus income to earn more money and to work for society. With the capital invested in stocks and bonds, the investor may go on to grow and expand. In this way the capital invested is working for society by making it possible to have more products on the market at lower prices. The capital is also improving dividends for the investor.

A purchaser of stock in any company becomes a part owner of the enterprise. He shares in the profits of the business and is usually entitled to vote in the company's affairs. The stocks which one can buy may be divided into preferred and common. Preferred stock precedes common stock in receiving dividends, but its rate is usually low and remains unchanged. The dividend rate on common stock is not fixed and when a company is making large profits the common stockholder may receive greater dividends than the preferred. The risk of preferred stock is less and the returns more stable.

A bondholder is an outside creditor. The company promises to pay him a stated amount of interest each year and also promises to pay back the amount borrowed at the end of some specified time. We can see that buying a share in an American industry would be a wise thing to do and that it would be like having a share of our great country. Incorporated businesses have done a great deal to develop our country and these incorporated businesses are owned and controlled by millions of individuals.

Everyone person interested in investing in stocks and bonds should know that business today is led by efficient men who look on all sides of the problems presented to them and that they realize their responsibilities to the stockholders. Their employees often have a stake in their enterprises and by meeting with them as occasion demands, the organizations are kept working harmoniously. The cooperative efforts of the directors of industry and the stockholders will always make investment in industry an excellent means of building income and resources for future needs.

*Mr. Juarez is winner in the Statewide junior essay contest conducted by the American Association of Security Dealers, which included him with 

With H. L. Robbins  
(Special to The Providence, Observer)  
WORCESTER, Mass.— Henry Freeman is now with H. L. Rob¬

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Due July 15, 1964

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Dated July 15, 1964  
Due July 15, 1969

Interest payable January 15 and July 15 in New York City

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A. O. Smith Corporation—Analysis—Flot, Bullard, & Seyth, 30 Broadway, New York 6, N. Y.
Texas Eastern Transmission Corp.—Report—Loewi & Co., 225 East Madison Street, Milwaukee 2, Wis.

Continued from page 2


development of this country and also to the partial depletion of natural resources, the United States manufacturers of these metals and hence the recovery of the metal has become increasingly important. The domestic metal industry is now over a $1 billion industry.

Upon fabrication by customers, using various production processes, the metal is left over a large quantity of the original metal which sometimes exceeds 50%. An example is a manufacturer of brass door knobs. After the required round discs are cut from the sheet of brass, the frame left which can be used only as scrap. To avoid re-treating such material, large amounts of the mills to repurchase the scrap. For this reason, through an agency which has facilities for picking up the metal by truck and classifying it before reselling it to the mills. This business has continued in bad times as well as good. When metal is scarce this practice aids the mills and when metal is in good supply it aids the customers.

Mars Metal Corporation acts as a representative for the domestic second-away ferrous metals for a number of mills including Chance Bros., M. F. Metallurgical Co., American Brass Co., Mueller Brass & Copper, and Brass Co., Mueller Brass, and the Western subsidiary of Western Cartridge Co., and also Aluminum Company of America of Utah. These metals have been in effect over a period of years. They have been proved satisfactory to both parties.

The company is located in San Francisco and owns about two acres of land at the foot of Tumbee Hill, opposite the city limits, with a spur track to the main line. The railroad main line from Los Angeles. In addition to offices the site contains a building of approximately 15,000 square feet with shop, storage facilities, and storage, and is equipped for handling the requirements of all types of machining, forging, rolling machines, fork lifts, trucks, etc.

The secondary metal activities of the company is a “bank of metals” that can be called in to help in the need of scrap metal.

The company’s activities are as follows:

1. The company acts as a representative for the domestic second-away ferrous metals for a number of mills including Chance Bros., M. F. Metallurgical Co., American Brass Co., Mueller Brass, and Brass Co., Mueller Brass, and the Western subsidiary of Western Cartridge Co., and also Aluminum Company of America of Utah.

2. The company has been in effect over a period of years. They have been proved satisfactory to both parties.

3. The company is located in San Francisco and owns about two acres of land at the foot of Tumbee Hill, opposite the city limits, with a spur track to the main line. The railroad main line from Los Angeles. In addition to offices the site contains a building of approximately 15,000 square feet with shop, storage facilities, and storage, and is equipped for handling the requirements of all types of machining, forging, rolling machines, fork lifts, trucks, etc.

4. The secondary metal activities of the company is a “bank of metals” that can be called in to help in the need of scrap metal.

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Air-Conditioning Needs Only Sales Job to Become a Universal Comfort

By GEORGE S. JONES, JR.*
Managing Director.
Air Conditioning and Refrigeration Institute, Washington, D. C.

Mr. Jones reveals recent rapid growth of air conditioning, which he declares is the answer to a universal comfort. Sees further expansion, depending largely on refinement in the air conditioning process and lower cost equipment, combined with improved selling and promotional techniques. Calls for cooperation by all ship and supply companies as aid toward widespread air-conditioning.

Air-conditioning, that is summer-cooler, is so new that relatively few people have a clear idea of what it is all about. For those who remember their first ride in an air-conditioned theatre, their first purchase of an air-conditioned de¬

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Boston, Mass.—Harry A. Blathopulos has become associ¬
bated with Palmer, Pollock & Co., 84 State Street.

Join Sutro Staff
(Bankers to The Financial Community)
Los Angeles, Calif.—Edwin W. Durand has become associated
with Sutro & Co., Van Nuys Building. He was formerly with the
Standard Investment Co. of California.

We, O. Kurtz, Jr., V. P.
of Am. Bank & Trust
Chicago, Ill.—William O. Kurtz, Jr., has been appointed
Vice-President of the American National Bank and Trust Com¬
pany of Chicago it was announced by Robert E. Struss, Executive
Vice-President. Mr. Kurtz has been with the bank for many years.

American Secs. Branch
Opened in Hartford
Hartford, Conn.—American Securities Corporation has an¬
nounced the opening of an office at 79 Pearl Street, with Rhoda C.
Wattles in charge.

Mr. Wattles, who has spent more than 35 years in the securi¬
ties business, joined American Securities earlier this year. He has
lived in Hartford since 1924 and was formerly with Coffin & Burr, Incorporated.

*An address by Mr. Jones at the "Air-Conditioning Meeting" of the New York Sales Executive Club, New York City.
Labor-Managing Relations: How Accountants Can Help

By A. W. RUCKER
President, the Eddy, Rocker-Nickels Company

Management consultant lists as actions wherein the cost-accountant can contribute substantially to labor-management relations: (1) developing and making clear the distinction between labor cost per man-hour, per unit of product, and per economic unit of production value; (2) developing and making clear the distinction between accounting as a guide to control actions and as a means of measuring economic efficiency.

In discussing the accountant's and the contoller's contribution to labor-management relations, it seems to me we have first to deal with a MYS¬TERY and a Myth.

Few of us have taken the time to ponder that accounting, to nearly all workers, and fellow human beings whom we call "labor," is a MYSTERY wrapped up in a pearly disguise. And, concealing itself behind the disguise is as different from shop language as German is from English. Symbols are just as often as uncomprehensible as those of the ancient Egyptian hieroglyphics; and the end result of our computations, and of our computations of the position of the planets do to me and you. Let's mark it down. It is a MYSTERY, and one that must first clarify.

Most people are not figure-minded; many of them only lack the language that goes with the figures. And of course their well-known tendency to think or even often to declare, "Figures don't lie but liars do figures," is the Number One hurdle to natural understanding.

Out of this mystery and in behalf of the figure, there has grown up an amazing myth. Some say the myth really began with a little lawyer who was writing in the British Public Library. Almost a century ago, a Mr. Giotto wrote has probably influenced the thinking of the Congress on resolutions and more millions of human beings than nearly any other man of the same century. The myth has been wrapped up in what might be called "Dad Kapital," and the man who wrote it was Karl Marx. The myth which he proposed was simply this: "Under the private enterprise system, the position of the working man must and does steadily deteriorate; the worker is robbed of his rightful share of the fruits of his labor.

This myth, when perverted, has persisted for more than a century; you can readily test it for yourselves. We were to ask you now "What share of American production goes to American workers?", how many could answer? It would be difficult to share how many today than it was ten or twenty years ago. And many hands would show at "yes"? Were they Gallup polls taken in Massachusetts and New England, how many would likewise say, "yes?", do the workers share production is growing less?"

Our cost-accountants and our great contribution to labor-management relations (a) hour-by-hour, to our own firms, we settle once and for all the MYSTERY of our own figures for instance:

What is the share of labor in American manufacturing output, What part or portion of the value of production goes to pay the hourly-rate paid by the worker? And is that share great less than it was in the time of Herbert Hoover, or Woodrow Wilson, or William J. O'Shea?

(a) Total wages paid each year in American industries (taking value, taking all manufacturing as a whole); and
(b) The percentage of this total with minor changes, has persisted since before the time of Lincoln.

And, just to keep the books balanced, the amount of the value for each $1 of wages paid

1 SOURCE: "Progress in Productivity" (1932), P. 34.

In U. S. Manufacturing there is consistently $2.54. This is the ratio of the cost of labor to the value of the product. It is not accounting abstraction; they are common, and are as familiar to the executive, as are the dollar values of the company's productive capacity, the cost of its raw materials, the character of its market, and the like.

It turns out that the American private enterprise system has paid $2.54 for every dollar of wages paid by the worker. Also, 39.29% of production value is labor. In brief, the accounting picture, in the best light, to state the matter in the best light.

Three figures, 39.29% has taken the tax from the workers; the $2.54 is the cost of labor per man-hour; and the 39.29% of production value is the economic value of the product.

This figure, reveals not only changes in wages prices, but also changes in specifications of the products, of your production. This is the most accurate most method I know to measure labor's contribution to production. And it enables one to find his own figures for (a) labor cost per unit output, and (b) with his payroll, to find his cost per labor hour. For using figures from the U. S. Census of Manufactures and de-Nating Production Value (value added) by the price index of the Bureau of Labor Statistics, we have for every year of the economic output of all manufacturing companies in the United States.

In the same 40 years, however, the average per-capita wages have risen to 79% of the 1914 level. Hasn't the cost of living increased? Hasn't the labor, in fact, risen as much as forty labor costs. As shown by Figure 3, the cost of living in the United States 1914 to 1942, constantly spreading between (a) house rent and (b) the unit labor costs. This spread measured in "labor costs" in figures as shown on Figure 2, for the period 1914 to 1942, inclusive.

A simple statement of these figures of a single figure would give the one the difference between less cost per unit and labor cost per hour. By so doing you will provide to the cost of labor-management relations a line of increase in productivity.

You may make still another contribution, perhaps even in a still more valuable way.

Double-Entry Cost Accounting

I may shock you slightly by saying that too much accounting has been done in the single-entry bookkeeping. We only enter every item in the "top drawer of the Federal budget, but all the items are in one column. What about the off-setting credit to these charges?"

This is no idle question. If we stop a moment to reflect, we can see that labor is paid by the hour or by the piece, and from the darkest ignorance of what value whatever the work is paid, the man worker at the heart of most arguments about wages in this same beam of light. Does not know what his firm got for his hour of work, or the hour of his operation or piece he turned out. He lives in ignorance of the book instead of the book in his mind. So, it isn't strange if the typical workman cannot measure how labor doesn't receive its proper price. How many millions of words, so long as the hourly compensation is only a proportion of the economic worth of the effect, or no relation, it is hard to blame a man for feeling and acting as if share was too small to be measured or of the great pressures behind the

The demand for ever higher wages rates per hour is the fairly strong current. One has to think it that just doesn't get its fair equal to the manufacturing.

This conviction is naturally strengthened whenever the indus¬trial engineer, with his new ways of measuring production, is to set in to cut labor-time on an hourly basis. It is to find out the immediate likelihood thatthey have not yet been cur¬tated; he has no way of knowing that the sales department is meet¬ing the needs of the market, tail¬ling the firm's income from the actual profit. Some double-entry cost accounting, the manufacturing has far more pressure than exists for increasing wages.

Here is an area of opportunity wide open to the cost accountant, It is a double-entry cost accounting, and not the contribution to labor-management understanding and cooperation. And when one goes fully into the mat¬ter, he usually finds that most, if not all, of the reductions in unit costs sooner or later find their way into the pocket of the com¬moner in the form of lower prices. Would it greatly surprise you to find that the profit and loss figures for all manufacturing record of the years of war, even.

(a) Costs per unit have been cut almost 79%;
(b) Unit of output have been cut 79%;
(c) Average labor cost per unit of output have been cut 79%;

In other words, it can and probably must be shown that, the relations for employees to know that profits have been reduced. These profits are paid as wages, and are passed along to the consumer in the form of lower prices; they are paid partly by management, certainly not for the workers.

Earlier this year, I had an interesting experience in this con¬nection. I had the privilege of ex¬pressing a genuine interest in the cost accountant, he was sitting in a room a labor constant per man-hour. After the burst of the war, the law for the individual taxes, was in the order of 200 dollars. Briefly, the objection was based upon the contention, backed by cold figures. The pay¬ments had markedly reduced labor wages, of course, without any incentive to em¬ployers. The objection was that the employers had reduced produc¬ tion, which was turned out.

The fact that the executives were absolutely correct in their desire to increase production. Audit clearly showed; the only problem was that the workers had not carried out far enough to re¬veal the two most essential facts: the cost-accountants did not know that prices to the consumer had been reduced much as much as costs had been cut; and

Second: the gratifying fact that substantial increase in production and volume of output had risen so much as to provide a rich reward in added employment, pay and prices.

These are the sort of facts that cost accountants can and per¬haps should be in charge of labor-management. In blunt terms, we need to develop double-entry cost accounting and thereby create an un of the real world with what is the figures really mean.

Measuring Productivity

Now there is a third area, adja¬cent to these two, which is not so much discussed, which presents an at¬tractive line of extension for advan¬tage to the cost accountant with imagination and ambition. Let me describe the area.

For some years past, we have had much labor-management labor available, and the Federal government has been based up on "improvement fac¬tor", a factor usually accepted by agreeing to increase wages-rates upon a 10% average, or at 2%. The justification for this is the estimated average increase of productivity per man-hour, said to average

Specimen Rucker-Plan Standards

<table>
<thead>
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<th>Productivity, per $1 of wages</th>
<th>64.887</th>
<th>100%</th>
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<td>Factor's Share Rate of Productivity</td>
<td>3.1400</td>
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<tr>
<td>Management's Share</td>
<td>1.187</td>
<td>34.31</td>
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The Commercial and Financial Chronicle... Thursday, July 22, 1954

1 "An address by Mr. Rucker before the Western Association of Accountants, Worcestershire, Mass., April 1932."
nationally about 2%/ to 2%/ an-
ually.
As a come to hear more and more about productivity, many of our firms are going to discover, to our comfort, that the measure of productivity on a product is not the same as the measure of production on a plant. The average national average will have no neces-
sity of conformance to your plant. Is it less than 2%/ If so, then an increase yearly in your wages tabulation will certainly occur, and your profits will be due to the fact that your cost, your cost, is not being cushioned by the raising of selling prices.

Somewhere in the top managerial ranks of the business must be some harried executive who is so enamored by the high payroll figures that he pays no attention to the low cost of raw materials or curtailed demand.

Having to pay for the high payroll figures, firms not only get a kick out of the high payroll figures, but they also get a kick out of the low cost of raw materials or curtailed demand.

The lack, in this instance, is not one of correctness and accuracy in tabulation, but one of the in-
accuracy in tabulation. This is the usual lack; indeed it is almost a usual lack; there just are not any measures of plant-wide produc-
tivity in other than a few firms. And I consider that lack due largely to the fact that all productivity cost account-
ing, to too much emphasis on items of expense, and too no consideration of the counter-
balancing real interest, and, I venture to point out, the inac-
curacy in tabulation in a degree that may have a serious effect on management.

Any and every plant, with few exceptions, needs better figures in the sense that they are more com-
prehensive and provide perspec-
tive in that they are listed and touched upon three areas wherein the cost accountant can veer off to improved labor-management rela-
tions that be shown advancement. They are:

(1) Developing and m a k i-
ing clear the cost of labor per man-hour, per unit of-
hour, and per dollar unit of production value;

(2) Developing a double entry cost accounting wherein input of effort and expenses are shown and resulted in the output of value;

(3) Developing a realistic and true measure of productivity as guide in wage policies and as a market for the firm's true economic contribution.

There are now few fields for most; and, indeed, for more than one respect. New fields can be developed and increased by personal advancement but for the most part contribution to the advan-
cement of human relations. You can help to make our private interests more intelligent and democratic, and, also, your democratic and philosophical.

In the final analysis, is a cost accountant who provide a complete picture of the economic effects of the value added to the product for promotion. These end-results must be in tact, expressed in terms of the firm's economic con-
tribution. That is not total sales

FHA Termined Greatest Boon to Home Owners

George C. Johnson, President of the Dime Savings Bank of Brooklyn, largest savings bank holder of home mortgages, says FHA is one of few agencies that operates at a profit.

The Federal Housing Administration "has been the greatest boon ever conferred to the housing industry," says George C. Johnson, President of The Dime Savings Bank of Brooklyn, which originates and holds more home mortgages than any other savings bank in America.

"This has been accomplished through low down payments, low interest rates and long-term self-

The Dime Savings Bank of Brooklyn has supported the FHA program from its inception and we have nearly 13,000 FHA insured loans in our mortgage portfolio with the current balance in excess of $69,000,000. Relatively few of these 13,000 home buyers would have been able to embark on home ownership had it not been for the FHA. In addition, we hold more than 21,000 home mortgage loans guaranteed by the Federal Housing Administration which are financed by the FHA.

The FHA's accomplishments have been widely publicized, but the real contribution of the FHA has been to induce the home building industry to undertake a building program on a large scale. The FHA has made possible the building of more homes than would have been possible without its assistance...

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The Market... and You

Wallace Streete

Stocks have spent the greater part of two weeks now proving that they can back and fill at high levels, with a handful of favored groups take over the spotlight on strength enough to attract and take back the first sign of a pause. This type of action was especially prominent in the aircrafts which soared for several successive sessions before bottoming into a somewhat sharp selloff. At the all-time high which came as the week started, no less than seven plane issues dominated the eight most active issues to post something of an unusual show of unanimity.

The preference for aircrafts was also somewhat surprising since their spectacular gains earlier this year had carried them as far as appropriate to discount the splits that came along subsequently and the excellent earnings which also fulfilled all the hopes. But both the demand was brief and the ability to spurt ahead again despite statistical consideration of the fact that the general market was in something of a stalemate, bred a follow-the-leader popularity.

Atomic Energy: A Magnetic Issue

That have any connection with atomic energy also had a brief moment following, Carborundum, Vanda- dium Corp., and Climax Molybdenum allowing an ability to spurt occasionally. Unlike the aircrafts, however, they didn't feature in setting all-time highs; notably Vanda- dium, which has made impressive strides in recent years, but still only reached about half the level of its record high of 1929. Nevertheless it has been in price in half a dozen years.

Firming Airlines

The airlines are a similar case of a return to moderate popularity with little spectacular about it. Pan-American World Airways was something of a trading item, appearing on good volume more days than not and at the best price level in half a dozen years. Dow Chemical, dividendless for a couple of years, which set a postwar high of 50, was also firmer and occasionally featured in fair activity.

For the oil, it was a case of more of the same, general weakness persisting as more companies reduced their repurchasing efforts and then found the wall of finished products in line. The oil-dominated daily new lows, notably Tide, still showing the stock with Waterlow and Shell Oil, most of them repeaters. The Standard group, and Standard of California, were a bit more steady, although Indiana Standard was a softer item with some definitely weak spells.

Royal Dutch Petroleum, which withdrew its listing from the Stock Exchange 18 years ago rather than comply with the accounting regulations of the Stock Exchange and Standard of Commerce, returned to listed trading this week which, considering the low state of the petroleum section, was a somewhat inauspicious bit of timing. When the shares started trading in mid-1936, the issue had had a range that year of 48.57. In counter trading the following year, the stock traded as high as 78 in 1937. Since then there have been a couple of stock dividends, including 10% in 1946 and 2% in 1982. The initial sale as it returned to listing was 30 9/16.

Textiles Simmer Down

The fanfare started by Burlington Mills, first with an offer for Pacific Mills at a 14% premium over July 4th, Goodall-Sanford with a premium of around 75, simmered down largely although Goodall are said to have been making good market action occasionally. The Pacific Mills tender was all over so quickly, and now with a weekend intervening, that holders are able to advance the offer apparently of a dollar or a bit. With a longer deadline on the Goodall offer, the $20 tag spurred a rather unusual group of cash and margin calls which could be tendered immediately.

Rails continue to lag with the consolation that while they aren't overly buoyant on moments of strength, neither are they particularly conspicuous when there is selling around. 'Tis described as being Missouri Pacific which occasionally races ahead and did so this week after a rather quiet period. It had been available at a few pennies over $4 as recently as 1950, has been holding in the vicinity of 25c for a figure as the various plans or recapitalization come up and are turned in turn debits, quite fitting the hopes was reached in 1952 when it approached the $60 level.

Outstanding Secondary Issues

Mack Trucks continued as something of an enigma, with all sorts of merger rumors afloat by the persistent buying but none working out. Northeast Capital Corp., must be considered to have a majority interest in the activity, the June report showing holdings up to 411,000 shares. This included 300,000 purchased in March, 14,800 in April, 714,500 in May with a sizable increase to 34,290 shares in June. Mack is described here by one holder with little in the way of official explanation, quite conclusively, has pushed to successive new highs for several years. The postwar high for the company was 75 3/4 in June 1947 after it was split in 1948 and it now is working toward equalling the intervening 1967 only a fraction away.

International Telephone was another secondary issue that was given far more attention than the lesser quality presence. With the spreading in subway it pushed ahead with determination and finally eclipsed the 1952 high in the process. It reached the issue since its 1946 top when speculation was far more rife. This and the general play in the market served to indicate that for a change some of the issues other than the blue chips were attracting some attention, both from the public and from the institutional investors.

Technically, the market accomplished little in its meandering. Selling pressure wasn't heavy or spirited enough to do anything of consequence to the averages. The high for the month, made a couple of weeks ago, held, and more recently. In the interval, the rails have succeeded in nudging their high along the route but with the air of doing it only as an incidental, or perhaps accidental, achievement.

The sieges expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.
A Fine Old Company
Highlights its Report
under a New Name

When the American Car and Foundry Company was incorporated in 1899, and for many years thereafter, its name was descriptive of the company’s principal activities.

Today’s activities, however, extend to many other fields: aircraft, nuclear energy products, electronics, and more recently, the revolutionary new Talgo train.

Because of this forward-looking policy of expansion and diversification, it was decided to adopt a new name, one that more accurately describes the scope of present and future operations.

Thus, it is under the name of *ACF* Industries, Incorporated, that we submit highlights of our earnings and operations during the past twelve months.

---

**Highlights from the 55th ANNUAL REPORT**
for the fiscal year ended April 30, 1954

<table>
<thead>
<tr>
<th>Gross Sales</th>
<th>$245,046,908</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll</td>
<td>80,702,521</td>
</tr>
<tr>
<td>Materials</td>
<td>159,071,557</td>
</tr>
<tr>
<td>Taxes</td>
<td>12,730,222</td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,824,188</td>
</tr>
<tr>
<td>Net Income</td>
<td>7,770,420</td>
</tr>
</tbody>
</table>

**Earnings Per Share:**
- Preferred: 26.87
- Common: 7.93

**Dividends Declared:**
- From Current Year’s Earnings
  - Preferred: 2,028,150
  - Common: 2,900,992

**Income Retained in Business:** 2,851,278

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*ACF* INDUSTRIES
INCORPORATED

30 CHURCH STREET • NEW YORK 8, N.Y.

The Revolutionary Talgo Train,
Built by *ACF*.
"Economic Sky Grows Brighter" by HON. SINCLAIR WEEKS
Secretary of Commerce

Secy. Weeks, in decrying gloomy overtones of a depression, policy, and "bum business" revival and states "We are on our way to a full season spurt in business and employment that may require even optimistic forecasters to revise their figures upward." Lists accomplishments and expounds confidence Congress will carry out President Eisenhower's economic program.

There's no end to America's flight from deflation and unemployment, and the American people continue to give their free enterprise system a chance to operate and expand our economy a chance to grow. Just this week our Census Bureau reported for the month of March an unemployment and employment that was 62 million, a jump of one million over the number at work a month ago. When more than 62 million men and women have jobs, it takes a lot more than a partial thaw to make them panic.

To day the clouds are lifting and the economic sky grows brighter every month. But the revival is not an acrylic product of hope from a war to peace recession that did not snowball into the depression which the earlier planners had predicted: Because the government took prompt steps to instill public confidence, to get people spending and to spur recovery; and secondly, the American people, their confidence restored, took advantage of the economic measures fostered by their government and used their private enterprise system to accelerate business and make jobs.

Without resorting to any of the overripe and often drug prescribed by the left-wing medicine men, the American people, in cooperation with the people who have brought our economy back to a relatively normal state, are laying the groundwork for new economic growth. We are on our way to a full season spurt in business and employment that may require even optimistic forecasters to revise their figures upward.

In just a few short days before I believe that the most vital parts of President Eisenhower's economic program will pass the Congress.

It seems too frequently to be the fashion to accuse the Congress of doing nothing when in reality hard-working Senators and Representatives have been studying and passing an exceptional amount of worthwhile legislation.

...From an address of Secy. Weeks at the testimonial dinner of the National Press Club on Thursday evening, Charlotte, N.C., July 10.

How Realistic Is Our Foreign Economic Policy?

The Central Illinois Public Power Authority (CIPPA) through Kuhn, Loeb & Co., an investment firm, has purchased a prospective preferred stock at par ($100 per share).

Kuhn, Loeb Places Utility Preferred Shs.

The Central Illinois Public Power Authority, through Kuhn, Loeb & Co., an investment firm, has purchased a prospective preferred stock at par ($100 per share). The proceeds from this sale, together with other funds, were used to redeem on June 30, 1954, the 50,000 shares of 5% preferred stock then outstanding.

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Charles Carlson With Julian Collins Co.

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Charles Carlson With Julian Collins Co.
gratifying elements in the recent world picture. Happily, such re-
coe¢herence as has been experienced has not brought on the pneumonia nor the collapse that was predicted and feared. There are grounds for hope that this is a turning point.

**European Monetary and Economic Conditions Improve**

Thanks to our policy of helping to stabilize the trend of Western European countries, mon-
etary discipline is being increased, and it is not unlikely that there are today better than at any time since the war. The need for monetary discipline seems better understood and more generally accepted. In most countries inflation has been checked and the currency that was today sterilized by larger reserves. During the first quarter of 1954, foreign gold and dollar assets increased another half billion dollars, continuing their upward trend since the second quarter of 1952. The build-up of industrial capacity in Western Europe is paying off in increased production, providing a broader base for their stabilization efforts and relieving their dependence upon us. As a result of the improved economic health abroad, the other free world na-
tions are trading more and more with one another.

Any larger degree of recession here at home might well have dampened or offset these developments strongly points in the free world situation. As it is, the experience of 1949, 1952, and 1953 has not been repeated. This time our slump has not precipitated new currency troubles abroad with a new round of devaluations and trade restrictions. Whatever the complex of causes may be, the contribution to the strengthening of the Western world which our aid policy has made in the past, and our steps limiting the recent economic decline here at home, must clearly be characterized as realistic and pragmatically suc-
cessful.

**Major Parts of Foreign Economic Program**

In its international aspects our foreign economic program consists of four major parts. In a message to the Congress on March 30, President Eisenhow summar-
ized the interrelated objectives of our foreign economic policy, citing:

- Aid to which we wish to adhere;
- Investment—which we wish to encourage;
- Convertibility—which we wish to facilitate; and
- Trade—which we wish to expand.

In the furtherance of these ob-
jectives, the President recom-
manded, among other things, that the Trade Agreements Act be ex-
tended for three years with amendments authorizing selective, planned reductions in existing tariff rates over the three-year period.

Now, under our system of gov-
ernment, it is the President's re-
sponsibility to recommend pro-
grams to the Congress. But it is equally the responsibility of this Congress to weigh those recom-
mandations and to modify and adapt programs in an atmosphere of legislative compromise. The President has recommended a good program. The fact that the Congress—without prejudice to the President's recommendations and to the President's guilt or innocence—should not be interpreted as a rejection of the objectives by which that program. In terms of the sur-
rounding four-part program there is little fundamental objection, though some debate may occur as to the ways and means to accomplish the ends that may be achieved.

The Congress itself did not have time enough during the present session to give the proposals the full study which they deserve.

It has, nevertheless, been
charged that the one-year exten-
sion of the Bretton-Woods Act, as voted by the Congress, will prove disturbing to the foreign
nations. It is said that they are
therefore left in doubt as to the
security of our asserted long-run
interest free currency system. The
term prolongation of the Act might have relieved some of this un-
certainty, but the Congress recom-
dended that the foreign nations expect their foreign friends to take a realistic attitude on the subject. This program has already
gone on for two decades. No mat-
ter what happens to the legisla-
tion, a single trade agreement hereunder negotiated has or will expire until it does so under the terms of the agreement itself. Our
positions in the free world have,
moreover, had repeated demonstra-
tions of the sincerity of our con-
cerns for their survival and well-being.

We America, of course, un-
derstand and are proud that the
ways and means allow time for
discussion, time for considering opposing views, and time for ma-
terial opinion to crystallize and express itself. Our friends over-
seas must recognize this. In the
nature of things this country is somewhat less dependent than cer-
tain other countries upon world
trade. An appreciation of that fact helps us to explain some of the slowness and hesitancy with
which we move toward lowered
tariffs.

After all, we, too, have a right to be disturbed and fearful at some of the restraints to free pro-
duction and distribution which we
see persist in other friendly na-
tions in their internal as well as international commerce. Curtail-
ment of cartel practices, less re-
sistance to measures making for
greater productivity, acceptance
of improved distribution methods
would be welcome evidence on
this side of sinarchy and good
faith on the part of others in the
free world.

**“Less Aid—More Trade”**

Returning to our long-run ob-
jectives as outlined by the Presi-
dent, the recommendation “less
aid, more trade” is clearly a prep-
er and desirable plank in foreign
economic policy. Just as aid for
postwar reconstruction has, in
large part, given way to military aid, we all look forward to the
time when military strength abroad
will have been built up to the point
where a reduction in the direct costs of military aid can be ex-
ectcd. At that time the present
pnicency toward a statistical bal-
ance between our exports, ex-
cusive of grant-aid, and our im-
ports may be upset. Our total ex-
ports of agricutural products and
manufactures will then be reduced unless we replace military aid by some other forms of grant-credit or increase our acceptance of im-
ports as an offset to increased commercial exports. Military aid is clearly the counsel of realism today. But by the same token the counsel of realism for the future dictates that we give thought to the manner in which we wish to bridge the gap which the end of government-supported military
shipments may bring.

Continued on page 16
Continued from page 15

How Realistic Is Our Foreign Economic Policy?

Realistically and ideally the an-
swer is easy: we should then and
now do everything we reasonably can to per-
mit the free nations to earn their own livings in the way that means that we must recognize that for every buyer there must be a seller. We must also have buyers—buyers who can afford.

Granting that there is a large element of sophistry in the discouraging magnitudes, it helps to clarify our thinking about the trade picture in which we do not pride ourselves. In 1952 grain exports from this country were approximately 81% higher, and cocoa imports—products which we do not pride ourselves on, amounted to approximately the same amount of other meat prod-
ucts. These figures would not count as a real transaction, like all trade, is not a unilateral action of any single country.

Reliance on Bilateral Impractical

But, a more topical thought will also show how impractical a reliance on simple bilateral deals would be. We could not and would not could not and would not have taken all of our exportable grain. Instead, they the easier, more convenient, and less discretionary.
Volume 190 Number S344 ... The Commercial and Financial Chronicle

WILL HISTORY REPEAT ITSELF?

By K. K. THURLOW

Few economists or analysts have had the insight (or perhaps the courage) to question the inevitability of the current world economic and political situation. However, the world has been through this cycle before. In the aftermath of World War II, the world economy was reorganized on a Bretton Woods basis, with a strong emphasis on convertibility and pegged exchange rates. This system was largely intact until the early 1970s, when the oil crisis and rising inflation led to the breakdown of the Bretton Woods system. The subsequent period was marked by a resurgence of protectionism, rising debt levels, and the rise of globalization.

In the current situation, several factors are at play. The United States has resumed recessionary conditions, with a sharp decline in stock prices and a rise in unemployment. The Federal Reserve has responded with a series of rate cuts, but this has not been sufficient to reverse the economic slowdown. In addition, the European Union is facing a severe debt crisis, with high interest rates and a growing risk of default. This has led to a decline in confidence, with investors becoming more risk-averse.

In the current situation, it is important to remember the lessons of the past. The Bretton Woods system was based on the assumption that governments would maintain strict controls on capital flows and that central banks would coordinate their monetary policies. However, this system was undermined by a series of shocks, including the oil crisis and rising inflation. The current situation is similar, with a growing risk of financial instability and a decline in confidence.

In the current situation, it is not clear how governments will respond. The risk of a sharp decline in stock prices and a rise in unemployment is real, and this could lead to a recession. However, it is also possible that governments will respond with a series of rate cuts and fiscal stimulus, which could help to prevent a recession.

In conclusion, it is not clear how the current situation will play out. However, it is important to remember the lessons of the past. The world has been through this cycle before, and it is possible that the same outcome could occur again. It is important to be prepared for a range of outcomes, and to ensure that policies are in place to prevent a recession.
Morgan Stanley Group Offers Gen. Motors Acceptance Deeds

Representing the largest corporate offering to come to market so far this year, two new issues of General Motors Corp. debentures, amounting to $250 million and $300 million respectively, are being offered today (July 21) by a national syndicate of 40 lead and participating houses, comprising 235 investment firms in the country. An issue of $75,000,000 carrying an interest rate of 2 3/4% due July 15, 1955, and another issue of $275,000,000 carrying an interest rate of 3% due July 15, 1956, will be sold.

The 16-year debentures are subject to redemption at 101% if mobilized financing comprised 97% of the gross proceeds, that the D Mark will become a little more valuable to the holders of 211 milliards of gold.

European Countries Nearing Convertibility

By GEORGE F. BAUER

Vis-Chairman, United States German Chamber of Commerce

Mr. Bauer maintains Germany, Switzerland, and England are moving toward sound convertibility with their currencies relatively safe, and it will be easy to sell Europe rather than the United States be the leader?".

Developments in Germany, Switzerland and England seem to indicate that these three countries will be the first to take their currencies on the foreign exchange market. If the United States is to allow capital to move easily from one country to another, it will be necessary to have a system of convertibility for central banks only.

If these four important currenies of the world are to be placed on their respective titles to specific quantities of gold, the price of gold in the world trade could be as reallistic as if we were to have a government issue of range investments under private enterprise in most parts of the world.

World trade under private entitled could thus display its tremansendent advantages through initiation of millions of individuals and business men, as they can use the shortcuts of managed banks, probate, and so-called banks.

In a recent development, the Federal Reserve Bank of St. Louis, for the second time in less than a year ordered an appropriate reduction in the discount rate, saying that it was necessary to be maintained against the $6,000 member demand deposit, and that the action was taken in order that the member banks may be free to supply to commercial banks, and that the member banks may be free to supply to commercial banks, and that the member banks may be free to supply to commercial banks.

V. M. D. "The need for a sound, liquid, and worldwide currency is to continue the economic prosperity that we are enjoying today, and to provide a foundation for continued economic growth in the future. As the dollar is the world's major reserve currency, it is of great importance to the health of the world economy that the dollar be stable. This is why the Federal Reserve Bank of St. Louis is taking this action."
Complexities in Determining Utility Earnings Requirements

By EUGENE S. MERRILL

Executive Vice-President
Standard Research Consultants, New York City

Mr. Merrill reviews the formulas adopted or proposed for determining utility earnings requirements under the "cost-of-money" approach to the problem of calculating utility earnings to fall below the competitive level, and holds that the desirable "adequacy" of utility rate of return is the earnings return on business enterprises regulated by competition.

The subject of "Utility Earnings Requirements" is not new. It has been discussed in countless articles, speeches and reports, and has formed part of rate hearings from coast to coast in recent years. The fact that the subject is considered worthy of further discussion at a meeting such as this is indicative of its importance and the widespread disagreement that exists as to what constitutes the earnings requirements of a utility under present conditions.

The determination of the earnings requirements of a public utility company is not a simple matter. The courts of the country have not considered it. A great deal of literature on the subject has developed over the years from the decisions of various courts, including the United States Supreme Court of the United States. While tests and approaches have been developed by the courts which utility companies and public utility commissions attempt to follow, there is enough conflict and ambiguity in the courts' decisions so that constant disagreement as to principles arises in most rate proceedings. While a single commission may be able to define what it considers utility earnings requirements, it is not able to define what others would consider utility earning requirements. There is no general agreement on the complexity of the problem. Even the utility companies do not agree as to the earnings they require. While they all agree that more earnings are needed under present-day conditions, there is considerable disagreement as to how to measure the earnings required. Some companies will emphasize the need for more adequate depreciation allowances to take care of replacements at inflated price levels; other companies will insist on a rate base calculated on reproduction value; others will insist on earnings sufficient to keep the price of the common stock a given percentage above book value; and still others will insist on dividends that will somewhat compensate with that being earned by nonregulated industry. This lack of uniformity adds to the complexity of rate proceedings.

In view of these many complexities and the disagreements between authorities, it is only natural that all parties involved in rate proceedings should seek a simple and easily applicable method of determining the earnings requirements of a utility company. The utility companies would like a simple method of determining earnings requirements so as to shorten the proceedings and to cut down the delays inherent in the rate case. The public utility commissions, on the other hand, are faced with the requirements of the Power Commission in Statement F. But for such commissions, the commission staffs believe there must be adjustments made because of lower dividend payments or other reasons.

The fact that within the same industry the "cost of money" approach gives an answer for one company that is considered satisfactory by the commission staff and too low by the company, and that the same approach gives an answer for another company that is considered satisfactory by the company and too high by the commission staff, suggests that the approach may be fallacious.

As "cost of money" is an easy approach to rate of return, so also is book investment based on original cost per share rate base. When the book figures are accepted, there is no need for studies on reproduction value.

The complexity of reproduction value studies in the past and the frequent insistence by valuation engineers on reproducing every item of the physical plant inventory irritated public utility commissions and caused many commissions to believe that the whole process was a kind of legalengineering hocus-pocus. I have in mind a railroad reproduction value study made many years ago in which one of the valuation engineers was called upon in the course of the study to determine the present value of a small out-building at a wayside station. For some reason, this small building had been built of mahogany—probably because a few pieces of this valuable lumber had been available from some shanty building many years before. Reproduction value meant reproduction value literally to this valuation engineer and as he out-house way
Continued from page 19

Complexities in Determining Utility Earnings Requirements

reproduced new in mahogany on the valuation study.

May I read a re- "Earnings power" is a concept that involves calculating the cost of growing the trees and clearing of a right of way for a transmission line. It is in addition to making necessary adjustments for the cost of wages for trimmers, made through a careful review of what the trees would have been larger as a result of the investment, which required more hours to trim. In- stances of this kind in no way dis- cre minimize our concept of rate making, but they have done much to bring the concept into disfavor.

The text of the original cost figures may be taken directly from the books of account is no reason for basing dividend policy or earnings requirements on them. In all other branches of the economy, neither buyers nor sellers pay much attention to the cost of properties in arriving at a sales price except for accounting and tax purposes. A man selling a house does not accept book cost because of the utility of determining reproduction value. I believe that regulation should take reproduction cost into consideration in deter- mining utility earnings require- ments. I recommend that utility companies present data on the cost in as simple and straightforward manner as possible.

The weakness of the "cost of money" approach as a guide to the rate is generally recog- nized even by those who support it. For example, it is gen- erally recognized that a common stock will tend to sell higher in relation to the dividends than the lower dividend. This means the higher the payout, the lower the earnings-price ratio. If the earn- ings-price ratio is accepted as a guide to the utility of the company. The utility with the highest earnings-price ratio has the lowest "cost of money." The other duties will show that the sum of the borrowing costs and the "cost of money" of the stock of an industry that is a conservative dividend policy has the lowest "cost of money." Also, studies will show that the sum of the borrowing costs and that the utility with the highest earnings-price ratio of a conservatively indebted company will be lower than the sum of the bonds and preferred capital of a more prudent company.

Disagreement over "cost of money" is largely due to the lack of a clear definition of capital. There is no important disagreement on the cost of the bond capital and preferred capital except as to what part of the total capital should be represented by preferred capital. The starting and ending point for the purposes of calculating the cost of money is in most "cost of money" analyses is the computation of the earnings-price ratio. It is an easy mistake to calculate the earnings- price ratio by dividing the earnings per share by market price per share to compute the earnings-price ratio. White disagree- ments often arise as to whether a stock will be considered "in business" or "in values" or "in the money" or "in the money" or "in the money." It is my own be- lief that the earnings-price ratio is an ever more equitable method of "cost of money" analysis in those securities and prop- rities which show the best combina- tion of all these factors applicable to his own needs, and he will avoid securities or prop- erties which do not, in his opinion, have these attributes. The securities of those companies that have been essential investment characteri- stics will command a price in the market that will permit companies to preserve their financial strength.

If a public utility company cannot show earnings commensurate with the risk of the enterprise, its senior securities will not have proper earning coverage and its common stock will not have suf- ficient earnings to make it attrac- tive at a reasonable price. Many of the railroads and the traction companies are in this case to be taken. When earnings are unduly restricted, especially during periods of high business activity, a public utility company may not be able to build up its financial strength to provide for future contingencies and for possible business conditions and, therefore, may be unable to preserve its fi- nancial integrity.

The "Competitive" Base

In this regard, it must be rec- ognized that industrial companies, while not regulated by commit- ment as to profits, are nonetheless realistically regulated by competi- tion. Industrial companies can survive in the economic system only by meeting competition and being successful. For the public utility company, commission regu- lation is secretly advocated for competitive regulation, which means that commission regulation should set the public utility company at the competitive level. In this regard, I especially like the state- ment by Professor Walter A. Mor- ton of the University of Wisconsin which he made in the May, 1952, issue of "Land Economics":

"Its (regulation's) primary aim is to prevent utilities from taking advantage of the monopoly power granted them by the state. Regu- lation should put the consumer in the same position as a private public utility enterprise that he is in with the respect to truly com- petitive industry where he can buy services without discrimina- tion at competitive prices and profits. . . ."

"The competitive model serves as a basic guide to regulation." This concept, as expressed by Professor Morton, clearly fits in with the rule stated by the Su- preme Court of the United States in the famous Bluefield Water- works and Improvement Company case:

"A public utility is entitled to

...
such rates as will permit it to earn a return on the value of the property which it employs for the purposes of its business, and to that generally being made at an annual rate, that a large part of the country on the

investors and in other business undertakings which are attended by corresponding risks and uncertainties.

The difficulty in applying the Federal Reserve's policy of determining the earnings requirements to the business undertakings with which it is concerned lies in the nature of the industry. I think it is clear that the com-

mission must be made out on a non-

national basis, the industry is not 

motional, that those who advocate determining the return on the basis of the returns earned by other utilities under similar conditions, the so-called "cost of money" of other utilities. As the earnings of all utilities are related to their earnings in substantial part by regulation, such a criterion involves the use of a

lar criteria and can not lead to a 

a return as required under the 

Bluefield decision.

One element of risk, and a fac-

tor having an important bearing on the earnings power of an indus-

trical enterprise, is the predominance of earnings. Among the industries experiencing a growing demand for their products are the oil industry and the chemical indus-

try. The oil industry has experienced not only a continued growth in crude petroleum de-

mand but also an even greater growth in demand for natural gas and petrochemical products. In the chemical industry there has been a tremendous increase in demand for basic chemical products and for such specialties as the synthetic

organics and plastic materials.

Investment analysts recognize the above average growth of this industry and characterize these stocks as "growth" stocks. The electric utility industry and the telephone industry have also experienced a rapidly growing demand for their services. The rate of growth of their services has been appreciably lower and is the same for the Federal Reserve Board Index. Interestingly apparent is the fact that from the point of view of organic growth, the electric utility industry and the telephone industry are in the same category as the oil and chemical industries.

Production for each industry is shown in relative—1939 equalling 100. In 1953, the general level of industrial production was 139%, above 1939. In the oil industry, crude production was up 87%, natural gas production 240%, and petroleum chemicals over 300%. In the chemical industry, chlorine production was up 475% and synthetic organic up 500%. In the electric utility industry production of electric power was up 24% and in 1953, electric utility industry, conversations were up 100 and 150%. In all these industries, the regulated industries are growth industries and the growth rate of earnings for the electric utility industry and the telephone industry are in the same category as the oil and chemical industries.

Comparative Earning Power and Investor Appraisal of Utilities

This year the electric utility industry has shown good earnings since the war. Consumers are not worrying or complaining about the rate of return of these companies. Instead, the American people are generally proud of the achievements of these industries in developing new products, improving old ones, and in maintaining defense projects. It is rather significant that so much emphasis should be placed on the utility companies.

In the course of my business travel, I have been taken on many tours through the cities I visted, and how nearly all the industries of the world. I have shown new supermarkets, modern factor-

The major part of the book: the leading

Looking into one of the country and the services, they have been taken on many tours through the Waltham, and the merchant

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In the chemical industry, chlorine production was up 475% and synthetic organic up 500%. In the electric utility industry production of electric power was up 24% and in 1953, electric utility industry, conversations were up 100 and 150%. In all these industries, the regulated industries are growth industries and the growth rate of earnings for the electric utility industry and the telephone industry are in the same category as the oil and chemical industries.

Comparative Earning Power and Investor Appraisal of Utilities

This year the electric utility industry has shown good earnings since the war. Consumers are not worrying or complaining about the rate of return of these companies. Instead, the American people are generally proud of the achievements of these industries in developing new products, improving old ones, and in maintaining defense projects. It is rather significant that so much emphasis should be placed on the utility companies.

In the course of my business travel, I have been taken on many tours through the cities I visted, and how nearly all the industries of the world. I have shown new supermarkets, modern factor-

The major part of the book: the leading

Looking into one of the country and the services, they have been taken on many tours through the Waltham, and the merchant

eral part of the country in

ordered by

dealing in

business undertakings which are attended by corresponding risks and uncertainties.
The 1954 Crop Outlook

Estimating over-all crop production in 1954 as only moderately under record established in 1945, Mr. Babson foresees bumper corn and soybean crops. Says government's price support program has boosted producers' hopes to marketable levels at taxpayers' favors. Favors flexible price supports as "only thing that makes sense."

The remarkable fecundity of America's farm lands has been confirmed again this year, if weather and other factors continue favorable. Total acres in corn, soybeans bearings continues to increase. A survey of the farm sector indicates that the total areas, in both crops will be expanded somewhat beyond the planned levels of 1943-1944. For only the second time in 11 years the acreages will be increased simultaneously.

For wheat production may fail to exceed yields of 1953; however, through the winter crop—now about harvested—has done well, 759,000,000 bushels, black stem blight has but little hurt in Dakotas and Minnesota, cutting yields down only a fraction. However, I forecast adequate total supplies. I predict also that a larger area in winter wheat will be under government loans. This could mean a temporary higher price later on.

Prospects for most of the other grains are quite favorable. I expect output of oats to hit a record level. The flaxseed crop may be the second largest on record, and the hay crop that is needed to feed barley and a sizable eye outside will be produced. We should have favorable development for cattle, hog, and poultry raisers as well. I predict that the number of cattle and hogs on farms increases.

Bumper Corn and Soybean Crops

Corn farmers really went to town this year, and that in fact, they planted nearly a half million acres more in Corn than planned in the March intentions. The second largest corn crop ever was planted; but what the final output will be, will be decided in part upon the weather between now and harvest time. However, my corn ratio still at favorable levels: a large corn crop could be profitable for hog producers.

I have long been intrigued by soybeans—one of the nation's most versatile crops, with a phenomenal growth curve in recent years. I should think that some farmers put more acreage into beans this year than ever before, because of diversion of acreage from crops whose prices have been worked down. In soybeans has retained attractive prices, and favorable planting conditions. This could mean a large crop in 1954.

Cotton and Other Fall Crops

Heavy supplies of U. S. cotton would have glutted markets and lowered prices, to a large extent if the past year had not been for increased demands. Yet, the basis has been laid for a remarkable Springer in the 1954-1955 season. Cotton farmers more than complied with the govern ment's rigid control program. Acreage in cultivation on July 1 was sharply under a year ago and the 10-year July 1 average. Total supplies, nevertheless, will be sizable, but prices will be well below the levels of 1953.

Negotiate Merger of Ames, Emerich With Blair, Rollins & Co., Inc.

Joshua A. Davis, Chairman of the Executive Committee, and Emmons Bryant, President of Ames, Emerich, & Co., Inc., have announced that negotiations are under way to expand its organization in Chicago and the Middle West through the acquisition of Blair, Rollins & Co., Inc. for an undisclosed sum. It is expected that the merger will become effective as of January 1, 1954.

Donald E. Nichols, President of Ames, Emerich, & Co., Inc., has been appointed to succeed Mr. Davis in the capacity of President and Chief Executive Officer.

Europe's Economic Recovery Substantial

But Much Remains to Be Done

The European Economic Recovery Program has been under way for more than 20 years, and the United States has been a major contributor to its success. However, many challenges remain, and significant progress is still necessary to achieve a complete economic recovery.

In the concluding paragraphs of his elaborate report, Mr. Auboin emphasizes the importance of continuing the efforts to improve economic conditions in Europe. He expresses confidence in the future of European economies and the potential for sustained growth.

Auboin is also optimistic about the potential for economic recovery and the importance of making significant progress toward achieving this goal.

In conclusion, it is clear that the European Economic Recovery Program has made significant progress in improving economic conditions and promoting recovery in Europe. However, much remains to be done to ensure a complete and sustainable recovery.

The Role of the European Central Bank

The European Central Bank, established in 1958, plays a crucial role in ensuring the stability of the European economy.

It is responsible for the formulation and implementation of monetary policy, as well as for the supervision and regulation of the banking sector. The Bank seeks to maintain price stability, promote sustainable growth, and support the stability and soundness of the banking system.

The European Central Bank's independence is critical to its ability to fulfill its mandate effectively. It is crucial for maintaining the credibility of the European Economic Recovery Program and ensuring its long-term success.

However, the region also faces several significant challenges, including the need for further structural reforms, the impact of climate change, and the potential for increased geopolitical tensions.

In conclusion, the European Economic Recovery Program remains an essential component of the region's economic development, and significant progress is still necessary to achieve a complete and sustainable recovery.
Securities Salesman's Corner

Prime the Pump With a "Blue Chip"

When I was away, they were in the country. Our children had won an old fashioned pumpkin pie. They even got a few pennies that the pump would dry, or at least not last. They came out with a half a bucket of water and put the pump while they rapidly pushed the pump and down. Finally the pump was going and a company by an increased pressure of the rounds wall. water would finally out of the snow. It was quite an operation and we have not forgotten that you could pump, and then let it go down until your back was broken, but without some "keeping water" you couldn't make that old pump "give" to save your life.

Let's Analyze a Problem

There is an over supply of money invested in "dollars equivalent" in the New York money market. The figures run into many billions. In one instance I know of a Savings and Loan Association that is recommending that some of its shareholders find other places for their savings. There is no question that savings accounts are invested here and in companies, and United States obligations are in a government investment program. But some people can never understand the concept of investments. When retired people try to live on a 2% to 3% taxa- tion, and they have a double return that in a well balanced portfolio of common stocks, mutual funds and some savings and loan trust accounts, it is just foolish to tell them — all's well. Every fair minded official of these savings institutions will agree that an over-emphasis on low yielding "dollars equivalent" investments will be damaging to a modern investment program for many people.

Secured Money

There is only one reason why people have a large amount of their savings in institu- tional savings accounts and that is that they are concerned about their money there. It gives them a feeling of security and they will receive the same number of dollars that they originally invested, plus interest when they ask for it. Every educated person realizes that money that is "locked up" for a long period of easy profits is over, and that the "risk" is a down and a queue in the street or have to wait their turn in the order book.

It has at last become evident that the government in order to make payments, far from provoking the calamities which it had prepared to alarm, has increased the monetary and economic activity of the public, and there are few who would not be prepared to join in the common effort.

"To improve and maintain the health of its internal economy and the improvement of each indi- vidual country, but there is also a general need for cooperation in the international sphere. If a number of countries move for- ward with the goal of convertibility, freedom of capital movements should be established over an even wider range of countries. Progress or setbacks would be mitigated by the growth of economic freedom. The need for concerted action appears to have been delayed, but now that a sufficient number of countries have moved to go ahead with practical measures, coordinating the policy should lead to a general increase in strength and thus make it eas- ier for the individual countries to work together.

"Convertibility still remains the backbone of the deflated and flexible form of international integration in the European Union. The dollar "currency" has not been lost; only direct poli- cies have been used that are capable of arresting its advance. For this movement is impelled not by a single country, but rather by the transacting-ness of the countries in establishing between themselves the elastic but strong policy that makes it possible to keep the system of convertible currencies."

A continuing strong demand for steel products by the construction industry will help to maintain steel market output, and steel producers have reason to be optimistic.

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Technical Progress

In Air Conditioning

By ARTHUR J. HESS

The development of air conditioning, which is now in its early stages, is making the greatest progress in a few years. A great number of universities, and a few leading companies have been working on this problem for several years. However, the progress of this technology has been slow, and there is still a long way to go before the system is perfected.

Several factors have contributed to the slow progress. These include the lack of a clear understanding of the basic principles of air conditioning, the lack of adequate testing facilities, and the lack of financial support. As a result, the technology has not advanced as quickly as some people had hoped.

However, a number of new developments have been made recently that promise to greatly improve the technology. These include the development of new refrigerants, the use of more efficient motors, and the development of better controls.

The development of air conditioning is a complex task, and it will require the efforts of many people. But with the progress that has been made recently, it is clear that this technology will soon be ready for widespread use.

Arthur J. Hess

The Commercial and Financial Chronicle..., Thursday, July 22, 1954

24 (328)
European Bankers Interested in Middle West

Kearney Wornall, Vice-President of City National Bank and Trust Company, Kansas City, Mo., back from a 10-week tour of Europe, says bankers there now know that the "Heart of America" can be a sound and dependable region for long-term investments. They are especially interested in the large cities, and the state which plays a major role in U. S. economy.

"European bankers recognize the need for decentralization. They know they cannot any longer do business within relatively small areas or even in a single city alone. They want direct connection with larger cities in the Middle West, too. That is why they are eager to see and talk to visiting bankers, to get information from our part of the country.

"Mr. Schroder, the German banker who has been in the city, was interested in our banks, especially those which have a history of more than 100 years. Our banks have been capable of showing their condition to several thousand visitors, including new and old ones, and at low cost. Their position in the Middle West is comparable to that of the leading merchant banks in Paris, Copenhagen, Berlin, and Amsterdam.

"Mr. Schroder visited the largest bank in the West, the Union Bank in Kansas City, and was interested in our banks, especially those which have a history of more than 100 years. Our banks have been capable of showing their condition to several thousand visitors, including new and old ones, and at low cost. Their position in the Middle West is comparable to that of the leading merchant banks in Paris, Copenhagen, Berlin, and Amsterdam.

Europeans are interested in the United States and its economic development. They are interested in the United States as a market for their goods, and they are interested in the United States as a source of raw materials and energy.

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CALVIN BULLOCK
One Wall St., New York

Pries into Puzzling Popularity Of Wall Street's Wallflower Rails

By CARTER G. BURKE

Calvin P. Adler, the no-nonsense, no-frills, risk-minded investment management department, prying into the puzzling popularity of a certain underquoted rail, finds that the higher-than-average rate of returns made by the company's stock may be attributable to the company's earnings being derived from the sale of uranium.

The company, Canadian National Securities Inc., has a 30% interest in the Canadian National Railways, a Canadian railroad which operates in the province of British Columbia. The railroad has two lines of rail, one of which extends from Vancouver to Seattle and the other from Toronto to Montreal.

Canadian National has a total of 8,000 miles of track, of which 7,000 are in Canada and 1,000 are in the United States. The company's earnings are derived primarily from the operation of the railroad.

Canadian National's earnings for the year ended June 30, 1954, were $24,467,301, compared with $20,860,870 for the year ended June 30, 1953, and $12,578,416 for the year ended June 30, 1952.

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Public Utility Securities

By OWEN ELY

Are Utility "Growth" Stocks Getting Too High?

Utility stocks have been giving an excellent account of themselves during the past year, owing to the decline of early 1953 which was attributed principally to rising money rates and a revival of the trend of dividend and preferred stocks. Following are comparisons with a year ago, for the Moody utility averages:

<table>
<thead>
<tr>
<th>Year</th>
<th>July 16</th>
<th>July 15</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>74</td>
<td>26.95</td>
<td>24.62</td>
<td>24%</td>
</tr>
<tr>
<td>10</td>
<td>37.21</td>
<td>31.80</td>
<td>17%</td>
</tr>
<tr>
<td>10</td>
<td>31.91</td>
<td>26.65</td>
<td>19%</td>
</tr>
<tr>
<td>20</td>
<td>31.47</td>
<td>26.69</td>
<td>18%</td>
</tr>
</tbody>
</table>

Includes 29 gas stocks used in the above groups, plus stocks of 10 integrated gas companies.

The Dow Jones utility average is a mixed group since it includes electric, gas, and other utility stocks. The Dow Averages compare with a year ago, as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>July 16</th>
<th>July 15</th>
<th>Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>74</td>
<td>48.97</td>
<td>46.82</td>
<td>21%</td>
</tr>
<tr>
<td>10</td>
<td>269.76</td>
<td>245.60</td>
<td>9.9%</td>
</tr>
<tr>
<td>10</td>
<td>110.93</td>
<td>105.05</td>
<td>5.4%</td>
</tr>
<tr>
<td>20</td>
<td>106.92</td>
<td>98.35</td>
<td>8.7%</td>
</tr>
</tbody>
</table>

Is it better to hold an ordinary stock or a "growth" stock? The answer is that it depends upon the individual investor's needs. There are some circumstances where a "growth" stock may be a good investment, but they are not common. Generally, the "growth" stocks are a bit too speculative at the present time for the ordinary investor. The utilities are moving up a bit because of a rate increase in some states. But the Moody and Dow Averages reflect mainly the "old-line" utility blue chips—not the new and popular "growth" stocks through the Dow Jones utility average. Yields on some growth utility stocks are now getting fairly close to the average bond yield as is indicated in the following:

<table>
<thead>
<tr>
<th>Yield</th>
<th>Rate</th>
<th>Dividend Paid</th>
<th>Voltage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona Public Service</td>
<td>3.69%</td>
<td>4.75%</td>
<td>5.60%</td>
</tr>
<tr>
<td>Atlantic City Electric</td>
<td>5.1%</td>
<td>6.4%</td>
<td>7.9%</td>
</tr>
<tr>
<td>Central Maine Power</td>
<td>4.2%</td>
<td>5.7%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Florida Power &amp; Light</td>
<td>4.2%</td>
<td>5.6%</td>
<td>10.9%</td>
</tr>
<tr>
<td>Gulf States Utilities</td>
<td>4.7%</td>
<td>7.0%</td>
<td>10.4%</td>
</tr>
<tr>
<td>Houston Light &amp; Power</td>
<td>3.9%</td>
<td>6.9%</td>
<td>10.8%</td>
</tr>
<tr>
<td>Idaho Power Company</td>
<td>4.5%</td>
<td>8.7%</td>
<td>11.5%</td>
</tr>
<tr>
<td>Long Island Lighting</td>
<td>4.8%</td>
<td>8.8%</td>
<td>11.7%</td>
</tr>
<tr>
<td>Mid-Continent Utilities</td>
<td>5.0%</td>
<td>10.1%</td>
<td>11.7%</td>
</tr>
<tr>
<td>Public Service of Colorado</td>
<td>4.1%</td>
<td>7.9%</td>
<td>11.7%</td>
</tr>
<tr>
<td>Rockland Light &amp; Power</td>
<td>4.7%</td>
<td>10.6%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Southwestern P. &amp; L.</td>
<td>4.9%</td>
<td>10.2%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Tampa Electric</td>
<td>4.9%</td>
<td>12.7%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Texas Utilities</td>
<td>3.7%</td>
<td>9.5%</td>
<td>11.2%</td>
</tr>
</tbody>
</table>

The average yield of 4.2% compares with an average of 5.1% for the electric utility stocks. The price-earnings ratios of 16.18 are reminiscent of the high ratios in 1946 (which were based on expectations of huge earnings rises to the end of 1954 and compare with an average for all electric utilities of 14.9. The average yield (71%) is lower than the 75% for all utilities.

Another indication of the changing investor's market is the fact that some of the so-called growth stocks are earning about the same as they did three or four years ago, and these earnings are bolstered by substantial bookkeeping credits for interest on corporate-owned capital. Others, like Florida Power & Light, have shown regular gains.

The term "growth stock" is becoming the key phrase to figure out which utilities can convert gains in gross revenues into increased earnings increases, and often to increase earnings from a rate increase. Some of the so-called "growth" stocks have resulted from regular dividend increases in recent years, reflecting increasing percentage payouts. But recently the flow of dividend increases seems to have slowed down. On the other hand, the amount of new stock offerings has diminished somewhat, placing less of a burden on the market.

Some companies have been concentrating exclusively on the "blue chips" and have not been willing to sell them at the current price. Others, like Florida Power & Light, have shown steady gains.

E. E. Smith Co. offers
Harley Patents Stock

E. E. Smith Co., New York, is offering "as a precaution" an issue of 25,000 shares of capital stock (par $1), Harley Patents, Inc., at $1.25 per share. The net proceeds from the sale of these shares are to be used for the development and sale of the company's products. Some of the company's lines are of corporate purposes.

Harley Patents, Inc., was organized in New York on July 5, 1954, to acquire and develop the Harley-Buckeye Division of Sedberry Corp., New York, which is a manufacturer and distributor of power tools, the market in the United States and Canada for the items is performed by Frank B. Harley of Camberley, Surrey, England.
The appointment of Edward C. Mahon as Assistant Vice-President in the Foreign Department of Manufacturers Trust Company was announced on July 15 by Horace C. Flick, president of the bank. Mr. Mahon supervises the foreign department of the bank and in recent years has been liaison officer with Canada, Australia, South Africa and New Zealand. He was elected Assistant Vice-President in July 1946.

Mr. Wase is Territorial Supervisor in the European division and is engaged in the bank's operations in Europe. He is president of the Canadian Bankers' Association. He was an Assistant Vice-President in July 1946.

Appointment of Harold H. Donohue as an Assistant Secretary and Assistant Vice-President in Manufacturers Trust Company was also announced July 15. Mr. Donohue came to Manufacturers Trust in February, 1947, in charge of the department of investments and served as Assistant Manager of the bank's Fourth Avenue Office. He is now president of the 513 Fifth Avenue Office.

Stanley L. Miller has been appointed Assistant Vice-President and Director of Manufacturing of Manufacturers Trust Company, New York. Mr. Miller is in charge of the bank's investment department.

Dr. Harvey D. Bryan, has been appointed Assistant Vice-President of the Federal Deposit and Trust Company, New York, which was announced July 15 by Thomas J. Shanahan, President.

George W. Morgan, has been named to the Board of Directors of Manufacturers Trust Company, New York, according to Arthur S. Clemmer, President of the bank.

Announcement was made on July 14 that John H. and Henry S. Thrope, Jr., Presidents respectively of the Irving Savings Bank, New York, of the merger of the two banks into a single institution to be known as the American Irving Savings Bank, New York. The effective date of the merger will be July 2, 1952.

Mr. Barrett will become chairman of the board and chief executive officer of the new bank and Mr. Thrope will serve as President. Mr. H. Hammett, Executive Vice-President of the Irving Savings Bank, will also have immediate capacity after the merger. The Board of Directors of the new bank will be composed of the present boards of directors of both banks.

Combined assets of the two savings banks consist of $477,000,000 of which $325,000,000 represents the savings of 82,600 depositors.

The Dime Savings Bank of Brooklyn, Inc., announced that eight officers have been advanced and two departments have been abolished.

J. B. Pfeiffer, Comptroller for two years has been named Vice-President and Clinton L. Miller, Assistant Vice-President, since 1946, has been made a Vice-President. New Assistant Vice-Presidents are: Robert M. Moore, Thomas Blunt, Jr., Andrew D. Wilson, and Arthur S. Miller, who has been named an Assistant Secretary.

Charles E. Miller and Karl A. Stad now are Deputy Comptrollers and have been made Assistant Comptroller.

Mr. Edward A. Nash, President of the Long Island Trust Company, Garden City, N. Y., has called a special meeting of the stockholders for July 24, 1952, to consider and, in addition, the stockholders will be asked to increase the capital by the issuance of 11,500 additional shares of stock.

At a meeting on July 14, the Board of Directors of the County Savings Bank of Philadelphia, Pa., voted a recommendation of the bank's capital stock be split four within shares of par by the 25th anniversary of the bank.

The Dun & Bradstreet Co. has announced that its 186th bi-annual report on business conditions in the country is being released.

The Colonial Trust Company, Philadelphia, Pa., announced on July 14 that it is 84 years old.

The merger transaction will be consummated on July 25, and the bank's official stockholders will be on the new ledger at that time.

Mr. Young, President of Manufacturers Trust Company, Pennsylvania, has been elected to the board of the merged bank.

The new bank will be called Manufacturers Trust and Savings Company. It will be the main office, and the present Colonial offices on a weekly basis and will be known as the Colonial Trust Company.

No changes in names of the banks or branches are contemplated.

The new bank will have total capital, surplus, and undivided profits of approximately $27,000,000. It will have total resources of some $232,000,000 and deposits of approximately $200,000,000.

Under the joint plan of merger the Colonial Trust Company will be continued as a division of Colonial and Fidelity will be continued as a division of Fidelity.

In the plan of merger, the Colonial Trust Company's authorized capital will consist of 41,875 shares of $100 par value preferred stock and 1,000,000 shares of $7 par value common stock. Currently outstanding stock and par value of the latter is as follows:

- The current Fidelity has an authorized capital of $18,579,500 consisting of 41,875 shares of $100 par value preferred stock and 1,000,000 shares of $7 par value common stock.
- The Fidelity shareholders will receive $10 par value stock for each of the new $10 par value stock of the merged bank. The Fidelity stock presently held.
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Continued from first page

NYSE Increases Profit In Half Year

The volume of trading for 1954 was $38,649,289,000, according to Mr. Funston. As a result of this, the charge from the charge on commissions was an increase of $294,018, comprising the increase in the commission rate, of 107 under the 1953

ratings. The expenses for 1954 include a provision for anticipated year-end expenses and for reserves for depreciation, which are unpassed during the latter part of the year. The balance of the figures for last year was $392,000. "All other expenses" shows a reduction of $122,103. The number of shares issued during the year increased $225,000 for the installation of additional security equipment in the quotation (tidy) box. The statement included in the balance for 1954 is in the balance, a comprehensive account due to the production of promotional material for sale.

Leo Model Named Director of "Sofina"

Leo Model, senior partner of M. W. Birkenmayer & Co., 120 Broadway, New York City, member of the New York Stock Exchange, has been elected a director of the Societe Financiere de Transports et du Commerce des Aliments ("Sofina").

With Smith, Barney

Smith, Barney, & Co., 4 Wall Street, New York City, member of the New York Stock Exchange, has named an experienced branch manager of the Chicago branch of the firm as its new director.

Elected Directors

H. Soodgras, Sales Vice- President, and John C. Frod, Jr., and Carl H. Zulka, have been elected directors of the Michigan Corporation, have been elected directors of Detroit Stock Co., by a vote of the shareholders.

Shearson, Hammill Branch

NEWPORT BEACH, Calif. — Shearson, Hammill & Co. has opened a branch office at 3331 Via Lido under the management of Francis J. Mitchell.

People Are Earning More Money

In the last six years consumer prices have risen manyfold, and absolutely, than in the whole previous period, up to 74. More than 22% after taxes.

Businesses which have increased their costs by more than average have received the largest increase in profits, and in any case higher and higher prices in the future. Now what are the consequences of this astonishing in the American economy that has gained much confidence about the future?

Prosperity Not Due to War Spending

But what about the war? Someday may say that the prosperity of the United States rested primarily on the war and its aftermath and on the huge defense program which set in after the outbreak of war. The costs, the products, the industrial activity in the war, have left no trace.

What are some of the measures that have been taken in the past to promote the efficiency of the American economy? The composition of our is particularly in their order of importance:

1. Bank failures which in the past were far more numerous and had a far more direct effect on business activity in the country today, are nonexistent. In spite of the readjustment in 1949-1950, in spite of the readjustment in 1953, the number of bank failures has been far less.

2. Bank credit, which plays such an important role in the economy of a country, cannot under present conditions be a surviving institution of the depression in the early '30s. That can be the vacuum which results in the stock market in 1929 and has been filled by the abuses of bank credit.

3. The entire home financing of the country in the past has been considerably. Two decades ago the mortgage market was very small. During the depression, the mortgage market and the credit of the public were destroyed.

4. The broad social security legislation that was passed during the depression, has been to some extent dismantled. In 1953, was 173,300,000. The increase is 173,300,000, 173,300,000, in the number of individuals who have public social security. The ratio of covered to the credit of the government through FHA.

5. A considerable change has taken place in the relationship between management and labor. Economic relations are much better and the labor market is not marked by considerable conflict, yet everybody must agree that a large part of this improvement is due to the efforts of the American people. These and the many other changes of the past two decades have materially altered the economy of the United States. It is an element of much greater stability than prevailed in the past.

Change in Income Distribution

The true revolution in our country's economy has been in the distribution of income. It has been the government that has more and more of the higher taxes, in spite of inflation of oil, has raised the oil bill and still come out with more money and with more good things than ever in their history. The real spending power he had $229,000.

He raised the per capita stand 30% in 1950 and 50% in 1953. He also raised the per capita income by nearly 12% in six short years.

In our addition school facilities ought to be almost doubled in the next few years. In American schools there are almost 76% more children under 5 years of age than we had in 1940.

We need 3000 more highways and better highways in the country. This will be accomplished by a complete renewal of our entire road system. The Census Bureau predicts that by the end of the next 20 years to be 13 times greater than it is today.

Another reason for confidence—we have more new families and bigger families. Of the estimated 37 million couples, living together in 1954, over half were married for less than 13 years. Not only are more people living together, they've been having more children.

We also have more jobs. Total employment in the United States, in September 1953, was 62.3 million. Total employment in 1958 was 232,000 higher than in 1953. This employment rise compares with the 1929 average. Regardless of temporary swing, the job trend is a strong one.

Furthermore we must build a real estate market both in the middle and in the upper range of the American people, if we are ever to get to the other end of the country in the future.

[339]
The Outlook for Business and Securities

earnings were to decline somewhat, the probabilities are that the declines will be steady— and a good many of the small companies in manufacturing will not be able to pay out dividends at current levels.

(8) Corporate Assets Growth. The great growth in corporate assets since the depression has been financed by emergency amortization, by new issues, and by deferred payments. In the case of the latter, it is likely that a large part of the 1953-54 recovery has been financed by deferred payments, and that this will be the case in 1954-55.

(9) Political Factors. Any Administration, to stay in office, needs strong economic growth. It would be foolish to attempt to deflation the economy if definitional devaluations appear prospective. In this connection it is noted that Mr. Bush, head of the President's Council of Economic Advisors, despite the high plateau on which business is operating, has indicated that if there is not further growth in the economy the Government should take strong measures to encourage employment, etc.

(10) World Situation. We feel the recent cutback in defense spending (which, together with lower interest rates has stopped the decline in consumer spending containing the major reasons for the recent recovery) indicates that one has to run its course and that, in the near future, there will be some further up-step in such expenditures. This in itself also recognizes that this country might well be involved in the Korean situation. We do not consider in terms of supplying material and credit that it can be maximum, actually involving the use of abroad in the Distant theatre. We feel, however, that an all-out war with the Communists is unlikely, and it is even chance over the shorter term.

The major causes are the cause of the factors enumerated above, it is pointed out that the recovery has been a long-term uptrend and that, fundamentally, sustained recovery can come only if there is an increase in the real value in relation to earnings and dividend payments. (This levels in relation to the present yields obtainable on prime bonds.

The point is that, if the price of any time the return available from a prime bond is the same or more than 12 times earnings or far below the relationship which prevailed at the 1929, 1937 and 1947 tops. The present price-earnings ratio for stocks from the present at these times of recent years are market valuation, is not at excessive levels.

Supply and demand factors are favorable in the market. In our opinion, however, stocks are approaching the top line of the long range bull market, as was obtained for the past 50 years. With this in mind, some caution appears warranted from a shorter term point of view.

There has been a marked liberalization of legal rules and also investment on long-term time maturities to trust investments in equities. Most of the states have changed the corporate laws concerning the sale of rule or "legal investments" to the advantage of the corporation and the investor. Investments. There is increasing pressure for the increase in the attitude of institutional investors toward stocks, such as has been reflected in the superior performance of the "blue chips."
The State of Trade and Industry

The weekly magazine of metalworking. Input output regained 5.5 points in the first full work week of July, the weekly report released July 18. Input output has increased about 14% over the 1929 level. The annual rate of steel consuming plants by recovering. 5.5 points the input rate last 12 months of 9.5% capacity. Thus bringing the rate to a high of 13.75%.

Another proof that business is sound, "steel," is the amazingly rapid increase of the steel output since the last quarter of 1929. This output is due to a maximum effect as a means of passing along part of the wage increase given the steel industry's position of price and cost. Steel prices have remained remarkably stable ever since steel demand started declining a year ago. Base prices have been holding particularly firm. What concessions have been made have been made by producers.

People may look upon the maintenance of price stability in the steel industry as a reason why business as a whole has not gone into a tailspin. Price cutting, they say, would not generate enough of additional steel output. Hence, the steel industry's weakened confidence and demoralized business as a whole. A year ago, when input rates were running into one rate, an automobile would lower the cost of the car only about $0, hardly enough to touch off a buying spree.

With seasonal factors back into vogue, it's reasonable to expect an uptick in steel demand as the summer dries away. The automobile industry will be launching into production of its new models and will be ordering steel actively. Some steel sellers already are now ordering September and October delivery of cold-rolled sheets.

This steel weekly magazine of metalworking states further, "If prices continue to hold up as they have done here on the steelmaking in the last half of this year will exceed that of the first half of the current year by the same margin as in the first half, 24% below the 57,945,536 tons turned out in the first half of last year. Meanwhile, production in the automobile industry, near or below the production levels of years hence, would have a very different outlook. This shows that many steel users were living off their inventories during the first half of the year.

The American Iron and Steel Institute announced that the open hearth steel production of 1954, 51% of the steel's capacity as on Jan. 1. 1954, will be the largest in the history of the United States. The capacity for the 12-month period was 1954, was 96,202,615 short tons. The average output per week was 1,178,000 tons. The output per week during 1954 was 1,178,000 tons.

The industry's input production rate for the weeks in 1954 is now based on annual capacity of 124,339,410 tons as of Jan. 1, 1954. This rate will be 4.8% lower than the input rate of 1954. The percentage figures for last year are based on annual capacity of 117,000,000 tons as of Jan. 1, 1953.

Electric Output Is Up for the July 17th Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, July 17, 1954, was estimated at 6,011,000,000 kw., according to the Edison Electric Institute. The current figure represents an increase of 706,000,000 kw. above the comparable week of 1953 and 771,000,000 kw. over the like week in 1952.

Building Permits Near Record Volume for Half Year

Building permit values expanded sharply during June and totaled $520,800,000 for the 213 cities reporting, a return in a rise of 20.6%.

The aggregate value of new building permits for 213 cities for the three month period ended June 30, 1954, reached a new record high of $2,709,722,127 for the first half of 1950. It was 2.75% greater than the comparable period of $2,590,765,211. Building plans filed in New York City during the six month period had a valuation of $311,749,600 or an increase of 27.3% over the same year ago sum of $244,634,320. Excluding New York City, permits in 214 cities outside of the city limits, reached $1,209,023,108, an increase of $1,209,023,108, for the comparable period last year or a gain of 1.4%.

Business Failures Increase Moderately

Commercial and industrial failures rose to 226 in the week ended July 15 from 196 in the preceding week, reported Dun & Bradstreet Inc. and Bridgestone Co., Kansas City, Mo. There were 97 failures in the month of June, highest level in four months for which 1954. The net of 156 failures in the industrial and commercial failures annual rate is 7.7% of the comparable period of 1953.

Liabilities of $5,000 or more increased to 192 from 175 and were up 76% from 1953. Number of failures was 171 and exceeded sharply the year ago toll of 148 and the 103 which occurred in June, 1933. Mortality remained 17.7 below the pre-war peak of 272 in 1929.

The cumulative vehicle tally to date in 1954 shows that car and truck production is 12% behind the corresponding 1953 term, with an estimated 3,788,002 completions against 4,102,204. Car assembly plants had a value of $1,018,179,612 for 74,097, 646 units to 53,371,811 a year ago, while truck erections trail last year's 53,371,811 by 7.9 percent.

The domestic sales dollar amount of retail sales in the week ended July 14 dipped somewhat from that of the preceding week but was slightly above the comparable week of last year. It is reported that appraiser favored suburban downtown department stores and continued to spend at a high level. Sales for the year to date are up 10.2%.

As in the past few weeks, vacation spending was well below past year's high levels. This year is expected to be the most profitable in the country's history to date.

The total dollar volume of retail trade in the week ended July 14 was estimated to be $38,871,420,000, up about $250,000,000 from last year. Year to date total dollar volume is up 10.2% over the comparable period of last year.

Sales Retail Trade

The total volume of wholesale buying in the week ended July 14 was slightly less than that of a year ago and significantly smaller than the corresponding week of 1953. The greatest decreases from last year's buying were in the apparel and textile lines.

The textile trade was quiet this week due to vacation shutdowns of most mills and finishing plants; only limited textile supplies were placed on the market.

The volume of wholesale buying was unchanged from that of a year ago. Hog slaughter was greater this week than in the similar period last year. Hog slaughter for the current week, and initial claims in the week ended July 3 increased by 50.0% over the comparable period of 1953.

Regional furniture exhibitions opened in many parts of the country this week. Retail furniture sales have improved in the past few weeks. Retail sales in the month of June were down 4.3% as compared with 8.5% of the year before, but better than for some time. Case goods and bedding were in demand more than it had been and newspaper and magazine advertisements encouraged further claim purchases.

Heavy construction contract awards increased 44% from the level of the preceding week and 43% from that of last year. Lumber output was down 28% from that of last week and 62% from the year ago.

The automobile industry, which completed 1954, was down 3% from last year in the comparable period of 1953.

The summer weather was blamed for the slowdown of production. The July 12-16 total reflected a 26% increase over the holiday-shortened July 5-10 count, but output was still 24% below the pace set in the same 1953 week, according to Ward's Automotive News.

The downturn to this week's operations were shutdowns of Kaiser, Willys and Studebaker (South Bend) car lines also in-ventory taking at the Lincoln-Mercury, Wayne (Mich.) plant Thursday and Friday. A flareup in the trim department at Dodge Main forced suspension of assembly there early Thursday morning. The Division was slated for five full days this week, following last week's shutdown. This Chrysler Division and the truck Division were the only corporate plants slated to put in 40 hours this week. Plymouth and De Soto worked four-day trips. Packard was back after a two-week vacation or the 1954 week.

On the truck front, Divo, Federal and White were out all week, but other truck makers picked up the slack as an estimated 19,456 jobs were turned out, compared to 14,493 a week ago. While will return next week, following the short curtailment for inventory adjustment.

Cidalia has pared the work-day from 10 hours to 9 hours. Despite the high-priced leader's slight cutbacks, General Manager Miles K. Boz, Studebaker Corp., Detroit, Mich., said that Chrysler Corp. took 12.5%, Ford Co., 29.6%, and the Independents dropped to 30.0% of the same week in 1953. Sales and a 2.7% lower than the comparable period of 1953.

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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:

<table>
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<tr>
<th>AMERICAN IRON AND STEEL INSTITUTE:</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
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<tbody>
<tr>
<td>Steel ingots and castings (tons)</td>
<td>155,138</td>
<td>110,434</td>
<td>158,414</td>
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<tr>
<td>Steel and pig iron (tons)</td>
<td>57,194</td>
<td>52,942</td>
<td>57,015</td>
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<table>
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<tr>
<th>AMERICAN GAS ASSOCIATION—For month of June 2014:</th>
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<th>Previous Month</th>
<th>Year Ago</th>
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<tr>
<td>Natural gas sales (tr. therms)</td>
<td>4,620,351</td>
<td>4,565,170</td>
<td>4,671,370</td>
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<tr>
<td>Natural gas sales (m cals)</td>
<td>13,262,941</td>
<td>12,803,566</td>
<td>15,735,293</td>
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<th>AMERICAN METAL IMPORTERS INSTITUTE:</th>
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<th>Previous Month</th>
<th>Year Ago</th>
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<tbody>
<tr>
<td>Bauxite (bbls.)</td>
<td>3,761,197</td>
<td>4,778,733</td>
<td>1,295,478</td>
</tr>
<tr>
<td>Steel mill sales (m cals)</td>
<td>5,433,156</td>
<td>5,290,727</td>
<td>3,729,350</td>
</tr>
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<thead>
<tr>
<th>COAL OUTPUT (in M. TONS)—Month of June 2014:</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bituminous coal and lignite (net tons)</td>
<td>20,058,000</td>
<td>19,565,000</td>
<td>21,922,000</td>
</tr>
<tr>
<td>Coke (net tons)</td>
<td>3,211,000</td>
<td>2,890,000</td>
<td>3,185,000</td>
</tr>
<tr>
<td>Total</td>
<td>22,585,000</td>
<td>22,455,000</td>
<td>22,187,000</td>
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</table>

<table>
<thead>
<tr>
<th>COOPERATIVE PENSION PLAN:</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total members</td>
<td>127,027,000</td>
<td>127,027,000</td>
<td>127,027,000</td>
</tr>
<tr>
<td>Contributions (dollars)</td>
<td>23,566,000</td>
<td>23,566,000</td>
<td>23,566,000</td>
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<table>
<thead>
<tr>
<th>Total BUILDING CONSTRUCTION PERMIT VOLUMES:</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential (in bbls.)</td>
<td>7,019,000</td>
<td>7,019,000</td>
<td>7,019,000</td>
</tr>
<tr>
<td>Commercial (in bbls.)</td>
<td>1,967,000</td>
<td>1,967,000</td>
<td>1,967,000</td>
</tr>
<tr>
<td>Total</td>
<td>8,986,000</td>
<td>8,986,000</td>
<td>8,986,000</td>
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</table>

<table>
<thead>
<tr>
<th>RESINSE ALLOWS—For month of June 2014:</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resins manufactured (tons)</td>
<td>1,764,513</td>
<td>1,764,513</td>
<td>1,764,513</td>
</tr>
<tr>
<td>Plastics manufactured (tons)</td>
<td>2,107,526</td>
<td>2,107,526</td>
<td>2,107,526</td>
</tr>
<tr>
<td>Total</td>
<td>3,872,039</td>
<td>3,872,039</td>
<td>3,872,039</td>
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</table>

<table>
<thead>
<tr>
<th>CROP PRODUCTION—CROP REPORTING AREA:</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat (100 lb. bbls.)</td>
<td>1,557,000</td>
<td>1,557,000</td>
<td>1,557,000</td>
</tr>
<tr>
<td>Corn (100 lb. bbls.)</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Soybeans (100 lb. bbls.)</td>
<td>6,000,000</td>
<td>6,000,000</td>
<td>6,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>9,557,000</td>
<td>9,557,000</td>
<td>9,557,000</td>
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<table>
<thead>
<tr>
<th>TREASURY MARKET TRANSACTIONS</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total transactions in cash</td>
<td>18,357,000</td>
<td>18,357,000</td>
<td>18,357,000</td>
</tr>
<tr>
<td>Transactions in bonds</td>
<td>2,557,000</td>
<td>2,557,000</td>
<td>2,557,000</td>
</tr>
<tr>
<td>Total</td>
<td>20,914,000</td>
<td>20,914,000</td>
<td>20,914,000</td>
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</table>

<table>
<thead>
<tr>
<th>SELECTED DATA ITEMS OF U. S. CLASS IB,</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total sales (dollars)</td>
<td>8,935,000</td>
<td>8,935,000</td>
<td>8,935,000</td>
</tr>
<tr>
<td>Wholesale sales (dollars)</td>
<td>5,935,000</td>
<td>5,935,000</td>
<td>5,935,000</td>
</tr>
<tr>
<td>Retail sales (dollars)</td>
<td>2,935,000</td>
<td>2,935,000</td>
<td>2,935,000</td>
</tr>
<tr>
<td>Total</td>
<td>8,935,000</td>
<td>8,935,000</td>
<td>8,935,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ZINC OXIDE (BUREAU OF MINES)—Month of June 2014:</th>
<th>Latest Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production (short tons)</td>
<td>12,668,000</td>
<td>12,668,000</td>
<td>12,668,000</td>
</tr>
<tr>
<td>Shipments (short tons)</td>
<td>12,668,000</td>
<td>12,668,000</td>
<td>12,668,000</td>
</tr>
<tr>
<td>Stocks as of end month (short tons)</td>
<td>3,963,000</td>
<td>3,963,000</td>
<td>3,963,000</td>
</tr>
</tbody>
</table>

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The Commercial and Financial Chronicle... Thursday, July 22, 1904

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## Indications of Current Business Activity

### AMERICAN IRON AND STEEL INSTITUTE:

**Indicated steel operations (percent of capacity):**

- July 25: 75.0%
- July 25: 75.0%

**Steel ingots and castings (tons):**

- July 25: 1,539,000

**Coal and coke (in M. Tons):**

- July 25: 777,000

**ASOCIATION OF CIVIL APARTMENT PRICES:**

**Total fair prices (in M. Tons):**

- July 25: 1,539,000

**Transportation costs:**

- July 25: 25.0%

### COAL OUTPUT (in M. TONS)—Month of June 2014:

**Bituminous coal and lignite (net tons):**

- July 25: 141,391

**Other coal (net tons):**

- July 25: 39,366

**Total output (in M. Tons):**

- July 25: 150,757

### IRON AND STEEL CONSTRUCTION—ENGINEERING

**Net sales: Total for the Month:**

- July 25: $588,626,000

**Industrial products:**

- July 25: 467.000

**Residual fuel:**

- July 25: 132.190

**Other products:**

- July 25: 214.570

### FOREIGN TRADE IN METAL—YEAR TO DATE:

**Iron and steel (in M. Tons):**

- July 25: 150,757

**Aluminum:**

- July 25: 39,366

**Other metals:**

- July 25: 110,001

### FOREIGN TRADE IN RAW MATERIALS—YEAR TO DATE:

**Imports:**

- July 25: 112,190 tons

**Exports:**

- July 25: 214.570

### TRANSPORTATION: WATER—WEIGHTS AND MEASURES:

**Net sales: Total for the Month:**

- July 25: $588,626,000

**Industrial products:**

- July 25: 467.000

**Residual fuel:**

- July 25: 132.190

**Other products:**

- July 25: 214.570

### BANKERS’ ALLOCATIONS OUTSTANDING—FEDERAL RESERVE BANKS:

**Net sales: Total for the Month:**

- July 25: $588,626,000

**Industrial products:**

- July 25: 467.000

**Residual fuel:**

- July 25: 132.190

**Other products:**

- July 25: 214.570
Bank and Insurance Stocks

By H. E. Johnson

This Week — Bank Stocks

Kidder, Peabody & Co., 17 Wall Street, New York, have recently distributed the 1954 edition of their annual review entitled "The Bank and Insurance Stocks Guide." The report this year is somewhat more comprehensive in that the number of companies reviewed is larger. Selected financial data is presented for each of the New York Stock companies, together with comparable information on 15 of the larger banks in the other important cities of the country, or a total of 29 banks in all. In addition to the above banks, selected data on 4 of the larger banks in the South is also included in the Guide.

As in earlier editions, the tables and comments with respect to earnings, dividends, book values, and stock market prices are especially interesting and helpful in formulating ideas about bank shares at this time.

The significant highlights from the Kidder Peabody review on bank stocks as shown in the report are presented below:

1. All dividends should show a high degree of stability during the present transition period of 'neither real peace nor real war.'

2. "Gross income is likely to hold near the post-Korea level, as expanding investment income should largely offset any decrease in loan interest. Expenses and taxes should be reasonably stable. Net operating earnings in the first quarter were above those for the same period last year and earnings for the full year should be close to the record total of 1953.

3. Present dividend rates generally appear secure. In spite of numerous increases in disbursements last year, current dividend rates are generally lower than 1953 levels (excepting earnings and taxes)

4. "Yields are good. Continuity of income has been outstanding. Consecutive dividends have been paid on the average for almost three-quarters of a century by the banks under review.

5. "The spread between the yields for bank shares and for high-grade corporate bonds has widened in the last year. Furthermore, corporations receiving dividends from bank stocks (or other common or preferred stocks) are allowed an 85% dividends received credit for federal income tax purposes.

6. "Since Korea, earnings and dividends of large city bank shares have risen considerably more than market prices. The stocks are selling at a comparatively low ratio to the Dow Jones Industrial Average.

7. "Although bank stocks have lagged the industrialists, there appears to be an expanding demand for such shares by fiduciaries and other conservative investors. Current yields on bank shares should continue to attract the large institutional type of holder.

8. "Book values are stated on an ultra-conservative basis. Substantial reserves have been established which are not included in reported book values.

9. "Bank equities have shown many of the characteristics of a so-called 'cost-of-living' bond during the past 15 years. The dividends and the gain in equity from bank stocks have more than offset the increase in the cost of living.

10. "Bank stocks appear to have considerable attraction for conservative investors who are interested in good yields and possibilities of ultimate price appreciation."

One of the interesting facts emphasized in the report is the position of institutional investors and the tax advantage of dividends on bank shares. Increasingly in recent years, various fiduciary institutions have been given permission to invest in certain equities including bank shares.

Where such institutions are subject to Federal income taxes, the advantage of owning bank stocks is very real. In the example presented in the Kidder, Peabody report, a comparison is made between a high-grade bond yielding 2.25%, as against the 4.60% return available on certain quality bank stocks. The net after tax advantage of the investment in bonds would be 1.56% for the bond, as against 4.06% for the bank stock.

In the search for yields currently going on among institutional investors, it would seem that this factor will become a more important consideration in the market for bank shares as time passes.

Our June 30th Analysis of... The Security Traders Club of St. Louis will hold their Annual Summer Meeting at the "Leisure-Lea."
NEW ISSUE CALENDAR

July 22 (Thursday)
New York, N. Y., First National Bank Building, Hartford Rl.
Books (Bonds at 100; Debentures and Notes at 100; preferred stock at 28)

Bonds
Price $100,000,000
1968, 4% Cum. Pref. 32

July 26 (Monday)
Boston Edison Co., Inc. (1st and 2nd), 321 State St., Boston

Bonds
Price $100,000,000
1998, 4% Cum. Pref. 32

July 26 (Monday)
Republic Uranium Corp., Cañon City, Colo. (1st), 321 State St., Boston

Stock
Price $3,000,000

July 27 (Tuesday)
Automatic Firing Corp., Inc., 406 Franklin St., Boston

Debentures and Stock
Price $100,000 and $3,000

July 28 (Wednesday)
Industrial Hardware Mfg. Co., Inc., 359 E. 12th St., New York

Common
Price (par $1), 359 E. 12th St., New York

Illinois Central RR., Chicago, Ill. (preferred and common), First National Bank Building, Chicago

Preferred
Price $150,000, 6% Preferred 32

August 2 (Monday)
Central of Georgia Ry., 406 Franklin St., Boston

Bonds
Price $100,000,000
1958, 3% Cum. Pref. 32

August 3 (Tuesday)
Mountain States Tel. & Tel., 406 Franklin St., Boston

Debentures
Price (to be invited), 406 Franklin St., Boston

August 9 (Monday)
Pacific Power & Light Co., 1700 Market St., San Francisco

Bonds
Price $100,000,000
1958, 3% Cum. Pref. 32

August 10 (Tuesday)

Common
Price $100,000
1998, Common

August 12 (Thursday)
Canada General Fund (1954) Limited, 305 Oneida St., Toronto, Ont.

Debentures
Price $100,000,000
1998, 2% Mining 32

August 24 (Tuesday)
Arkansas Power & Light Co., 123 W. Market St., Little Rock, Ark.

Bonds
Price $100,000,000
1998, 3% Mining 32

August 24 (Tuesday)
New England Electric System, Inc. (common, including options to stockholders—bonds to be issued), 321 State St., Boston

Bonds
Price (to be invited), 321 State St., Boston

September 29 (Tuesday)
Wisconsin Rapids, Wis. (the First Wisconsin Co.), Wisconsin Rapids, Wis.

Bonds
Price $500,000, 3% Pref. 32

September 24 (Tuesday)
Oklahoma Gas & Electric Co., 406 Market St., Oklahoma City, Okla.

Preferred
Price (bonds may be invited), 406 Market St., Oklahoma City, Okla.


Bonds
Price $100,000,000
1998, 3% Mining 32


Bonds
Price $100,000,000
1998, 3% Mining 32


Bonds
Price $100,000,000
1998, 3% Mining 32

Petitive bidding. Probable bidders: Halsey, Stuart & Co., 123 William St., New York; The First Wisconsin Co. of Wisconsin Rapids, Wisconsin Rapids; Kuhn, Loeb & Co. and A. C. Allen & Co., Inc. (jointly); White, Weld & Co.; Harriman Ripley & Co. Inc. Bids—to be received up to 11 a.m. (EDT) on July 29 at 182 Tremont St., Boston, Mass.


* Capital Plastics, Inc., 415 West 34th St., New York July 1 (letter of notification) 48,650 shares of common stock (150 cents) to be offered for subscription by common stockholders of record July 1 on the basis of one new share for each three shares held; rights expire July 28. Proceeds—to repurchase 39,500 shares of its common stock from General Acceptance Securities Corp., 250 E. 42nd St., New York, N. Y. Underwriter—Old Country Road, Mineola, L. I., N. Y. Underwriter—None.


* Byrd Oil Corp., Dallas, Texas June 15 filed 260,000 shares of 6% cumulative convertible class A common stock (par $100) for subscription by common stockholders at rate of one new share for each 2 1/2 held (with a 1/2-day standlay). Price—$8 10 per share to stockholders, $9 per share to the public. Proceeds—to be related to the market price at the time of offering. Underwriter—None.

* Union Electric Power Co. April 22 filed 165,000 shares of cumulative preferred stock (par $50). Price—to be supplied by amendment Proceeds—to announce a dividend on the old stock (par $50), totaling $8,000,000, and, together with proceeds from offering of $6,000,000 of new first mortgage bonds, to redeem $8,000,000 3% bonds presently outstanding. Underwriter—Union Electric Power Co., Des Moines, Iowa.

* California Textile Bureau, Los Angeles, Calif. July 2 (letter of notification) 1,000,000 shares of class B common stock. Proceeds—to be used to finance construction capital. Offer—5916 Hollywood Blvd., Los Angeles 28, Calif. Underwriter—None.

* Central Mortgage & Investment Co., Inc., 415 West 34th St., New York July 8 (letter of notification) 200,000 shares of common stock (par $.01). Proceeds—to be used for mining purposes. Underwriter—None.


* Cherokee Nation, Okla. May 10 filed 5,000,000 shares of class B non-voting common stock ($1 per share). Proceeds—for general corporate purposes and working capital Underwriter—None.


* Chief Consolidated Mining Co. June 24 filed 1,252,408 shares of preferred stock (par 50 cents) and 21,700 shares of common stock (par 10 cents). Proceeds—to be used for direct loan, acquisitions, and for general corporate purposes. Underwriter—None.

* Colorado Reduction Corp., Columbus, Ohio July 8 (letter of notification) 1,500,000 shares of class B common stock. Price—$1 per share. Proceeds—for equipment, and general corporate purposes. Offer—85 N. High St., Columbus, Ohio. Underwriter—None.

* Comanche Uranium Co., Inc. June 17 (letter of notification) 5,030,000 shares of capital stock (par one cent). Proceeds—to be used for general corporate purposes. Underwriter—None.

* For mining expenses. Offer—628 S. 9th St., Salt Lake City, Utah. Underwriter—Cromer Brokerage Co., 1234 Oklahoma City, Okla.


er & Jaquith, Denver, Colo.
Federal Reserve Bank of St. Louis
Digitized for FRASER

Gray Manufacturing Co., Hartford, Conn.
June 10 filed 38,119 shares of common stock (par $1).—To be offered to stockholders of the company on the basis of one new share for each four shares held. Proceeds.—For general corporate purposes. Underwrite.—None.

Green River Oil & Uranium Co.
June 11 filed 1,100,000 shares of common stock (par one cent).—Price $10 per share. Proceeds.—To be offered to stockholders and general public. Offer.—203 Atlas Blvd, Salt Lake City, Utah. Underwrite.—Rocky Mountain Securities, 508 Atlas Blvd, Salt Lake City, Utah.

Gulf States Utilities Co.
May 14 filed 2,140,000 shares of common stock (par $100).—Price $500 per share. Proceeds.—To redeem 50,000 shares of $4.50 dividend preferred stock, 1949 series, and 50,000 shares of $4.40 dividend preferred stock at the prevailing redemption prices of $900 and $940 per share respectively. Underwrite.—To be determined by competitive bidding. Probable bid range $480 to $500 per share. Underwriters—Lebanon Brothers and Equitable Securities Co. (jointly); Kuhn Loeb & Co. (jointly); and W. C. Langley & Co. (jointly). Bids—Had tentatively been accepted to be received up to 11:30 a.m. (EDT) on June 15 at The Hanover Bank, New York, N. Y.; but offering has been postponed. Meeting—Stockholders will vote Aug. 20, 1970.

Gulf States Utilities Co.
May 14 filed 24,000 shares of first mortgage bonds due June 1, 1984. Proceeds.—To redeem $100,000 of 3% first mortgage bonds due 1981 and $100,000 of 3% first mortgage bonds due 1980. Underwrite.—To be determined by competitive bidding. Probable bid range $100 to $105 per $100 bond. Underwriters—Guth & Beane, Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salo, Duff & Jenkinson, Inc.; Loeb & Co.; and A. C. Allyn & Co. (jointly); Lee & Unruh, Inc. (jointly); Stone & Webster Securities Co. (jointly); and City National Bank, New York, N. Y. Proceeds.—To be offered to common stockholders. Underwrite.—Reynolds & Co., New York, N. Y.

Hart & Crouse Co., Utica, N. Y.
June 12 filed 4,048,000 shares of common stock (par $1).—Price—$2 per share. Proceeds.—For additions and improvements. Underwrite.—None.

Hartford, New London & Sound Beach Railroad Co.
June 14 filed 110,000 shares of common stock (par $10). Price—$2 per share. Proceeds.—For mining expenses. Underwrite.—205 Star Bidg, New York, N. Y. Underwrite.—None.

Denver Northern Oil Co., Denver, Colo.
July 7 (letter of notification) 6,000,000 shares of common stock. Price—at par (five cents per share). Proceeds.—For mining expenses. Underwrite.—306 Kirttridge Blvd, Denver, Colo.

Detroit Edison Co., Detroit, Mich.
July 19 filed 5,000,000 of participations in Employee Savings and Loan Association at par value of $100,000 of capital stock (par $20) which may be purchased under the plan:

<table>
<thead>
<tr>
<th>Price</th>
<th>Shares</th>
<th>Underwrite</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10</td>
<td>50,000</td>
<td>Lee Higginson &amp; P. W. Bulpin &amp; Co., Inc., both of New York, N. Y.</td>
</tr>
</tbody>
</table>

Erie Reinforced Plastic Pipe Corp.

Eureka Uranium Corp., Cheyenne, Wyo.
July 12 (letter of notification) 38,000,000 shares of common stock (par $5). Price—$1 per share. Proceeds.—To be offered for sale to institutional and individual investors, underwriting those holders underwriter: Kidder, Peabody & Co. & Co., New York, N. Y.

Financial Credit Corp., New York
July 12 (letter of notification) 3,000,000 shares of common stock (par $1). Price—$1 per share. Proceeds.—For mining expenses. Underwrite.—E. J. Fountains & Co., Inc., New York, N. Y.

June 30 (letter of notification) 8,000,000 shares of common stock (par $5). Price—To be sold in sales to individual stockholders and sales to institutional stockholders. Underwrite.—Kidder, Peabody & Co., New York, N. Y.

General Waterworks Corp.

King Copper Mining Corp. (T. 29)
June 2 filed (under Regulation "D") 290,000 shares of common stock (par $1). Price—$6 cents per share. Proceeds.—For general corporate purposes. Offer.—1519 Pine Ave, Grand Central Underwrite.—D. Gleich, New York.

Liberty Uranium Corp., Salt Lake City, Utah
July 1 (letter of notification) 3,000,000 shares of common stock (par $1). Proceeds.—For mining operations. Offer.—402 Darling Building, 323 West 40th Street, New York, N. Y. Underwrite.—The Union Mart, Inc., 146 S. Main St, Salt Lake City, Utah.

Little Queen Mines, Inc., Atlanta, Idaho
May 17 filed 500,000 shares of common stock (par $1). Underwrite.—None. Proceeds.—For mining expenses. Underwrite.—None, offer public. Proceeds: 50 shares shareholders and directors.

Loma Uranium Corp., Denver, Colo.
June 18 filed 1,000,000 shares of common stock (par $10). Proceeds.—For exploration and development costs, purchase of equipment, and reserve for acquisition of additional properties. Underwrite.—French & Co., Houston, Tex., and Peter Morgan & Co., New York.

Midland Continental Corp. (T. 27)
June 14 (letter of notification) 300,000 shares of common stock (par $1). Price—$1 per share. Proceeds.—For development of minerals. Offer.—422 Broadway, New York, N. Y. Underwrite.—Barnes, Bobell & Goodwin, Inc., New Haven, Conn.

June 17 (letter of notification) 1,315,000 shares of common stock (no par) to be offered in exchange for 1,315,000 shares of the company's 6% preferred stock. Proceeds.—To be offered in unities of one preferred and five common. Proceeds.—For general corporate purposes. Underwrite.—G. H. Walker & Co., Providence, R. I.

Midland General Hospital, Inc., Bronx, N. Y.

Mid Catalyst Co., Pasadena, Calif.
March 29 filed 800,000 shares of common stock (par $0.65 per share) to be offered first to stockholders and general public. Offer.—To increase capital and surplus. Underwrite.—None.

Missouri Public Service Co.
April 22 filed 600,000 shares of cumulative preferred stock (par $100). Price—To be supplied by amendment. Proceeds.—For general corporate purposes. Underwrite.—3,750,000 shares of common stock. Offer.—To be offered for sale to institutional investors. Offer.—The Comptroller of the State of Missouri, St. Louis, Mo. Underwrite.—Kidder, Peabody & Co., New York, N. Y. Offer.—Postponed indefinitely.

July 6 (letter of notification) 8,000 shares of common stock. Price—At par ($1 per share). Proceeds.—To construct, operate and maintain, house building parks. Offer.—803 Nadeau Road, Route 5, Monrovia, Mich. Underwrite.—None.

Monarch Uranium Co., Salt Lake City, Utah
June 21 (letter of notification) 2,000,000 shares of capital stock (par $1). Price—To be supplied by amendment. Proceeds.—For general corporate purposes. Offer.—1000 State St., Salt Lake City, Utah. Underwrite.—None. Proceeds.—To construct, operate and maintain, house building parks. Offer.—803 Nadeau Road, Route 5, Monrovia, Mich. Underwrite.—None. Proceeds.—To construct, operate and maintain, house building parks. Underwrite.—None. General office plan.

Continued on page 36
Continued from page 35

**Mountain States Telephone & Telegraph Co.**

July 9 filed $20,000,000 of 35-year duebonds due Aug. 1, 1988 and mature Aug. 1, 1988, 7% nominal, 7.25% of coupon, 4.00% of rate of interest. Proceeds—For mining expenses. Underwriter: A. H. Leon & Co., Miami, Fla., and J. E. James, New York City.

**New Jersey Power & Light Co.**


**North Electric Manufacturing Co.**

July 7 filed $60,000,000 of common stock (par $10), being offered for subscription by common stockholders of the company. Proceeds—For development of properties and general corporate purposes. Underwriter—J. F. Martin & Co., Baltimore, Md.

**Northern Illinois Gas Co.**

July 7 filed $1,000,000 of common stock (par $5), the minimum number of shares being 65,000. Proceeds—For purchase of shares of Common-wealth Edison Co., in lieu of fractional shares issued in the company's recent divestiture. Proceeds—For development of properties and general corporate purposes. Underwriter—J. F. Martin & Co., Baltimore, Md.

**Pacific Power & Light Co.**


**Petea Mining Corp., Santa Fe, N. Mex.**

June 9 filed 600,000 shares of cumulative stock fund operating expenses and to purchase 1,200,000 shares of common stock to be offered in two tranches, each for seven shares of common and/or preferred stock held. Price—At par ($100 per share). Proceeds—To reduce bond indebtedness.

**Texas Western Corp.**

July 1 filed 1,000,000 shares of common stock (par $1), being offered for subscription by common stockholders of the company. Proceeds—For working capital, expansion of operations, and additional funds for general corporate purposes. Underwriter—Barrett Breet & Co., Inc., New York.

**Texas Southern Corp., Salt Lake City, Uta.**


**Trans-World Uranium Corp.**

July 1 (letter of notification) 1,175,000 shares of common stock (par one cent). Price—$25 per share. Proceeds—For working capital and other purposes. Underwriter—Chicago & Co., New York.

**Tri-Central Petro-Chemical Corp., Montreal, Canada.**

April 20 filed 50,000,000 shares of common stock. Proceeds—For working capital. Underwriter—To be named at time of offering. Proceeds—For working capital and general corporate purposes. Underwriter—To be named by them.

**Union Pacific & Seaboard Slovenia Corp.,**

May 27 (letter of notification) 1,196,000 shares of common stock (par one cent). Price—At $5 per share. Proceeds—For working capital and general corporate purposes. Underwriter—A. C. Allin & Co., Inc., Chicago, Ill. Offered for subscription.

**Union Commerce & Warehouse Co.**


**United Benef It Fire Insurance Co., Omaha, Neb.**

July 1 filed 8,000,000 shares of common stock to be offered first to stockholders. Price—at par ($5 per share). Proceeds—For working capital. Underwriter—Blyth & Blyth, Inc., New York; Watson & Co., Chicago, Ill. Offered for subscription.

**United States Steel Corp.**

July 28 (letter of notification) 8,000,000 shares of common stock (par five cents). Proceeds—For working capital. Underwriter—Bank of New York.

**U.S. Steel Corp., Chicago, Ill.,**

July 28 (letter of notification) 8,000,000 shares of common stock (par one cent). Price—At $1 per share. Proceeds—For working capital. Underwriter—Bank of New York.

**Vess Oil Co., Newcastle, Wyo.**

July 1 filed 336,800 shares of common stock (par $1). Price—To be related to market. Proceeds—To refund stockholders. Underwriter—John R. Lewis, Inc., Seattle, Wash.; and Smith, Morris & Co., both of New York. Proceeds—For mining expenses. Underwriter—White, M. O. Kirchner & Jasmith, Denver, Colo., and Crooner, Bros., (52,700 shares), for purchase or acquisition of additional mineral interests, leases and royalties in the
American National Gas Co. July 7, 1953—Continued
A special meeting of shareholders is called to consider a proposal to increase the authorized common stock from 4,000,000 to 5,000,000 shares to enable the company to sell additional shares to the public and to register them for present stockholders. Proceeds—For subsidiaries for construction.

American Telephone & Telegraph Co. June 30, 1953—Continued
It was reported that the company is planning a huge issue of preferred stock to be sold by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane; Peabody & Co.; Blyth, Eastman, loses & Co.; and others.

Arkansas Louisiana Gas Co. For construction.

Arkansas Power & Light Co. (8/24)
February 17, 1953—Continued
The company plans to sell an issue of about 75,000,000 first mortgage bonds due 1984. Proceeds—For construction. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane; and others.

Arizona

July 21 it was announced this closed-end Fund is being formed in a minimum amount of $1,000,000 of shares of capital stock to non-residents of Canada. Price—$10 per share. Proceeds—For investment. Underwriters—Kidder, Peabody & Co.; J. B. Currie (latter handling books). Sponsors—Vance, Sanders & Co.; First Boston, Boston, Mass. Registration—Expected July 25.

Center of Georgia (RY, 8/3)
Bids will be received by the company at the office of J. P. Morgan & Co., Incorporated, 23 Wall St., New York, up to noon (EST) on Aug. 3 for the purchase of 5,000,000 1st mortgage bonds due 1984 with a minimum amount of $100,000. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane; and others.

Central Illinois Electric & Gas Co. Dec. 1, 1952—Continued
The company plans to offer and sell around the middle of the issue of $4,000,000 first mortgage bonds due 1957. Proceeds—For construction and new construction. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane; and others.

Colorado—Western Pipeline Co. May 26, 1953—Continued
It was announced that the company is planning to issue and sell later this year 4,000,000 additional senior debentures. Proceeds—To repay bank loans and for new construction. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co.

Cotton—Yield
May 6, 1953, it was reported 160,000 shares of common stock were sold for $16 per share for account of company and 60 shares of preferred stock. Proceeds—To be used by company for general corporate purposes. Underwriter—Its Haupt & Co., New York.

Florida Power Corp. March 27, 1953, it was announced that the company plans new financing, including a sale of $15,000,000 of common stock and probably $10,000,000 of bonds. Proceeds—For new construction. Underwriters—For common—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane; and others. For bonds—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane; and others.

故意省略部分

Kentucky Utilities Co. June 21, 1953—Continued
It was announced the company plans to issue and sell $25,000,000 of mortgage bonds, either on a 1-for-9 or an 1-for-10 basis. At the time of writing, Underwriters—Previous common stock offering, in April, 1952, was written by Blyth & Co., Inc. and J. J. B. Hilliard, & Sons and Co., New York.

Long Island Lighting Co. June 17, 1953—Continued
It was announced the company plans later in 1954 to issue $20,000,000 mortgage bonds. Proceeds—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane; and others.

Montana-Dakota Utilities Co. July 8, 1953—Continued
it was reported that the company plans to issue and sell $15,000,000 of common stock. Proceeds—To repay bank loans and for new construction. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane; and others.

New England Electric System (9/28)
July 9, 1953—Continued
9,200,000,000 shares for issue. Proceeds—For construction programs of subsidiaries. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane; and others.

New Orleans Public Service Inc. Feb. 8, 1953—Continued
It was announced the company plans to issue and sell $15,000,000 of 1st mortgage bonds due 1954 late this year. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane; and others.

Northern States Power Co. (Minn.) July 2, 1953—Continued
it was announced the company plans to issue and sell $15,000,000 of 1st mortgage bonds due 1954 in October. Underwriters—Previous common stock offering, in April, 1952, was written by Blyth & Co., Inc. and J. J. B. Hilliard, & Sons and Co., New York.

Northern States Power Co. (Minn.) July 2, 1953, it was announced the company plans may issue and sell late in 1953 $5,000,000 of new first and refunding mortgage bonds. Proceeds—To construction and general corporation. Underwriters—To be competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner, & Co.; and others.

Northern States Power Co. (Wis.) July 9, 1953—Continued
it was reported by the company plans to issue and sell $15,000,000 of new mortgage bonds due in 1954. Underwriters—Previous common stock offering, in April, 1952, was written by Blyth & Co., Inc. and J. J. B. Hilliard, & Sons and Co., New York.

Procter & Gamble Co. June 19, 1953, it was announced that the company plans to issue and sell $25,000,000 of 1st mortgage bonds due 1954 late this year. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane; and others.

Paciﬁc Gas & Electric Co. May 4, 1953—Continued
it was announced that the company plans to sell approximately 150,000,000 of bonds later this year. Proceeds—For construction purposes. Underwriter—Previous bond sale was done privately through The First Boston Corp.

Pacific Gas & Electric Co. June 22, 1953—Continued
It was announced that the company plans to issue and sell $15,000,000 of 1st mortgage bonds, series D, due 1984, at par plus accrued interest from Mar. 15, 1953. Proceeds—To construction and general corporation. Underwriters—Previous common stock offering, in April, 1952, was written by Blyth & Co., Inc. and J. J. B. Hilliard, & Sons and Co., New York.
Our Reporter's Report

Things were looking up in the new issue market this week, but the outlook for the market was not so fine as January, which had been the first month of the year which could boast broad interest in several new issues, a mood which was reflected in a buoyant tone to demand, temporarily at least, for new issues in recent emissions.

This, however, was a situation which should be taken with a pinch of salt because it was expected that the market had shaken itself loose from the "dead-center" state it had long occupied. Smaller competitive buyers, it appeared, were more inclined to look for a good market and loan for money supply and interest rates which have been very low.

The market was dead. Investors, however, were confident would clear itself with the passing of the time. The big thing, as far as the banking fraternity was concerned, seemed to be that the market had shaken itself loose from the "dead-center" state it had long occupied. Smaller competitive buyers, it appeared, were more inclined to look for a good market and loan for money supply and interest rates which have been very low.

The more amenable attitude of the market was reflected in the encouraging response which greeted Consolidated Investors Finance Corp. and First National Gas Co. of Dallas, with $100,000,000 of new bond issues. A Triple A rated issue brought in $4,100,000 on the 2.7%.

Well over half the issue was reported sold on the 2.7% and it was expected that the market would be able to sell it. The market, as a whole, was considered to have only one or two buyers for big pension funds who are expected to clear away the balance in short order.

**GMC Debentures**

Indicating clearly that buyers of new securities are looking for the best opportunity to invest their capital, the General Motors Acceptance Corporation, an interesting operation, is advertising a bond issue of $100,000,000, at 4.2%. This is a triple A rated issue brought in $3,000,000 on the 2.7%.

There was a lot of talk about the size of the bond issue and the market, but the fact that the bond is a 20-year issue and will mature in 18 years, it was said, means that only one or two buyers for big pension funds are expected to clear away the balance in short order.

**Clearing the Shelves**

The more amenable attitude of the market was reflected in the encouraging response which greeted Consolidated Investors Finance Corp. and First National Gas Co. of Dallas, with $100,000,000 of new bond issues. A Triple A rated issue brought in $4,100,000 on the 2.7%.

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Continued from first page

As We See It

distressingly, modest way tries to eliminate or reduce a few of the obvious inequities in the existing hedgegodge tax structure. Much more time is required to study so complex and comprehensive a measure to assign its exact pluses and minuses. To do this, basically and openly to doubt that the measure is a constructive one in a broadest and deepest sense.

Politics! Politics!

Yet practically all debate on the measure has turned upon whether this or that politically powerful group would have what it wanted or feared, exclude some of its provisions or include certain other changes which are not now in the bill. First of all, influential leaders of the opposition—some of them ordinarily credited with better understanding of the country's situation and with a much greater willingness to subordinate partisan politics to real statesmanship—promptly undertook to write into the measure provisions which by further increasing the "progressiveness" of the income tax schedules would, so they hoped, curry favor with the rank and file.

The history of the changes proposed on dividend income is a part of the same political influence. No one thought for a moment that the argument that this is a matter not to be regarded too seriously since dividend recipients and for the most part wealthy men is, of course, purely political plea which should demolish the position of those who make it. And, it is to be feared that men of now so "soaked" unmercifully by "progressive" income tax schedules. Meanwhile, about the only interest in matters observable among the rank and file of the legislators is that for the date of the paydown, and that some of the provisions contained in the mammoth measure would be offensive to groups of voters here and there.

Turning to the agricultural bill, we find the same sort of fouling. This is a measure which goes a little too far. It is a little too much of the way toward alleviating a situation which is of necessity a stench in the nostrils of all real statesmen. Yet what do we find taking place in Congress? Groups of men apparently without regard to the welfare of the country as a whole are intensely concerned with buying the farmer vote by perpetuating the current system. So far as we can recall we have heard of no serious attempt to determine a present system on any rational ground of national interest. We can scarcely see how any one could even attempt to do any such thing. "Polls" of farmers and other inquiry as to what would produce a maximum farm vote is made. On the other hand, there is no place in the provisions of the measure or soundness of either the existing situation or any provision in the proposed legislation.

The Embattled Farmer

The farmer has long been sui generis in American politics. Favor after favor has been granted him, memory of man running. It is the contrary. President Roosevelt, promptly proceeded to oust his predecessor in office by asking the farmer himself to determine what the rest of us must do to help him. President Truman in 1948 conducted a whistle stop campaign telling the farmer that his opponents liked to stick pitchforks into their backs, and promising that he would do wonders for the tillers of the soil. He kept his promise, and now the politicians can not forget that Mr. Truman won the election that year and are simply afraid to undertake to undo any part of the mischief that Mr. Truman is responsible for.

The imperious other instances which might be cited. If there is one piece of proposed legislation which has had almost no opposition, it is the sweeping changes about to be made in what has become known as social security. This indicates that whatever the merits or changes as have been forced or are being forced into the bill as originally proposed have originated in groups believed to have strong political positions. There has been no serious discussion of the basic war in which we are engaged. The actual formation of thoroughly sound compulsions and other provisions of existing arrangements. No one in place of political influence or power, so far as we are able to recall, has even raised such issues. Someone has observed that when the war is engaged in, and then almost every vote has been counted in favor of it—because the proposal is regarded as good pre-election politics.

It rarely serves any good purpose to ask for better

bread than can be made of wheat. It may be that our system of self government is always and incurably afflicted with weaknesses which come glaringly into evidence upon such occasions as this. Other systems of government have subjected to much the same stimuli, although the degree of their subjection is not always so great. For our part, though, we find it difficult to accept the defeatist attitude that the situation could not be greatly improved by more courage on the part of the professional politician—or at least some of them.

With Reinholdt & Gardner

ST. LOUIS, Mo.—Clun B. Hailey is now affiliated with Reinholdt & Gardner, 400 Locust Street, members of the New York and Midwest Stock Exchanges.

First California Adds

On June 14, 1954, a quarterly dividend of fifty cents per share in U. S. currency was declared on the common stock of the company, payable September 15, 1954, to shareholders of record at the close of business on August 1, 1954.

With J. B. Hanauer Co. (special to The Commercial and Financial Chronicle)

BEVERLY HILLS, Calif.—Geo. Devra has been added to the staff of J. B. Hanauer Co., 146 South Beverly Drive.

With Gerard John

On June 14, 1954, the board of directors of the company, in ordinary course, increased the authorized capital of the company from $250,000 to $500,000.

New du Pont Branch

EL CAJON, Calif.—Francis L. du Pont Co. has opened a branch office at 216 East Orange Street, under the direction of Geoffrey C. Ettelien.

With Estabrook Co.

On June 14, 1954, the board of directors of the company, in ordinary course, increased the authorized capital of the company from $250,000 to $500,000.

With Estabrook Co. (special to The Commercial and Financial Chronicle)

SOUTHERN HARVESTER COMPANY

Birmingham, Alabama

Common Stock Dividend No. 62

A dividend of 40 cents per share has been declared on the Common Stock of Southern Harvester Company, payable September 15, 1954, to shareholders of record at the close of business on August 31, 1954.

G. M. A. DULLES
Chairman
N. J. G. EGER
Secretary

DIVIDEND NOTICES

ALUMINIUM LIMITED

DIVIDEND NOTICE

On July 14, 1954, a quarterly dividend of fifty cents per share in U. S. currency was declared on the common stock of the company, payable Sept. 4, 1954, to shareholders of record at the close of business on August 1, 1954.

JAMES A. DULLES
Secretary

SOUTHERN NATURAL GAS COMPANY

Birmingham, Alabama

Common Stock Dividend No. 62

A dividend of 40 cents per share has been declared on the Common Stock of Southern Nat Gas Co., payable September 7, 1954, to shareholders of record at the close of business on August 31, 1954.

J. S. WILSON
Assistant Secretary

THE SOUTHERN COMPANY (INCORPORATED)

Serving the Southeast through:

ALABAMA POWER COMPANY

Georgia Power Company

Mississippi Power Company

THE SOUTHERN COMPANY SYSTEM

SOUTHERN NATURAL GAS COMPANY

SOUTHERN SERVICE CO.

The Board of Directors has declared a quarterly dividend of 40 cents per share on outstanding shares of common stock of the company, payable August 10, 1954, to holders of record at the close of business on August 4, 1954.

Hannahan Adds to Staff

ST. LOUIS, Mo.—Kenneth M. Hoover has been added to the staff of Hannahan & Co., 325 Main Street.

Joins Goodbody Co. (special to The Commercial and Financial Chronicle)

F. J. TRUMBULL, New York—Allen Hard, Jr., is now with Goodbody & Co., Penobscot Building.

Now With A. E. Welzner (special to The Commercial and Financial Chronicle)

KANSAS CITY, Mo.—Robert W. Alderson has become connected with A. E. Welzner & Co., 21 West 10th Street.

Joirns Hornblower & Weeks

CLEVELAND, Ohio—C. A. Devan, has joined Hornblower & Weeks, Union Commerce Building.

DIVIDEND NOTICES

PUBLIC SERVICE Electric and Gas Company

Newark, N. J.

QUARTERLY DIVIDENDS

Dividends of $0.12 a share on the 4.08% Cumulative Preferred Stock, $1.04 a share on the 4.14% Cumulative Preferred Stock, 35 cents a share on the $1.40 Dividend Preferred Stock and 40 cents a share on the Cumulative Preferred Stock, have been declared for the quarter ending September 30, 1954, all payable on or before September 30, 1954, to holders of record at the close of business on August 31, 1954.

LYLE MCDONALD
Chairman of the Board

SOUTHERN CALIFORNIA Edison Company

DIVIDENDS

CUMULATIVE PREFERRED STOCK

4.08% Series No. 1

CUMULATIVE PREFERRED STOCK

4.14% Series No. 1

DIVIDEND NO. 37

The Board of Directors has authorized the payment of the following quarterly dividends: $0.164 per share on the Cumulative Preferred Stock, 4.08% Series; $0.164 per share on the Cumulative Preferred Stock, 4.14% Series.

The above dividends are payable August 31, 1954, to holders of record on August 17, 1954. Checks will be mailed from the Company's office in Los Angeles, August 31, 1954.

R. C. HALE, Treasurer

July 16, 1954
WASHINGTON, D. C.—Every session is dominated by a little phoniness. There is always a certain amount of altogether passed legislation, enacted in legal form, but on the floor the members pass with their tongues in cheek, knowing full well that the bill is so bad that even the very way it is announced is_intferring.

This session, however, seems to take the phoniness to having taken the cake for the volume and impudence of its phony work.

No. 1 on the list is the well-established individual financial fraud, the Federal Old Age and Survivors’ Insurance program. As has been testified to before Congress, the legal if inherently fraudulent aspect of that scheme is breath-taking. 

This is not the very latest off one of the recently Agriculture Secretary Benson translated the excitement for the House Committee as providing 85% supports for corn, 85% for peanuts (tobacco automation) and 90% under the law) 90% on rice, 90% on cotton. Only wheat would draw to give the House “flexible” supports under the great victory program, but even in the House “flexible” supports were not 90%.

To Go On Wagon
Drink More Whiskey

When President Eisenhower asked the message to Congress, he proposed, among other things, the靠 having to the very value of the property, (2) lower down payments, and (3) longer terms of repayment. The President also added that using housing be made equal under government-mortgaged montgage credit with loans on new homes or clubs without government flat for the insurance. The President also added that using housing be made equal under government-mortgaged mortgac credit with loans on new homes or clubs without government flat for the insurance.

Some particular individual, retiring now at age 65, with roughly $10,000 in normal life expectancy to draw an aggregate from OASl $22,000.

One of the foremost students of this phase of legislation, who may not otherwise be identified, told how two elderly retired in the country, turned back and walked off when he bewailed their 15 year situation. The two man set up, some day, maybe one a good job, and the other, as the ineluctable damage to the country. The pay-off would not be.

“Thats taught me something,” said this individual. “You can’t fight public ignorance, President Eisenhower, and the Democratic peers at all.” That was about the philosophy of the ineluctable damage to the country. They went along with the President and forcibly emulated more new members into the OASl system, thereby making sure that when benefits will outstrip pay-off, and a financial crisis will arrive.

Merchandise Surpluses

Another major play of the second session of the 83rd Congress was the proposed farm surplus bill. Described on this page a few weeks ago, Congress then made a major play for foreign currencies and/or give away farm commodities. It apparently maintained that this was not really a discussion on the Make it equal under government-mortgaged mortgac credit with loans on new homes or clubs without government flat for the insurance.

Primarily because of the so-called household scandal, Congress temporized and didn’t give Mr. Eisenhower all he wanted. Mr. Eisenhower all he wanted. In the way of housing aids, alone, it gave him enough to do credit to a good old-fashioned Fair Deal Congress. It is doubtful the President comprehended the baleful effect of the housing scandal on his easy money housing program; at least he didn’t understand in advance the potential of its impact.

Mill Health Insurance

One red surpluses of the session was a phonous proposal that didn’t make the grade in Congress, the so-called “sweater” scheme. This proposed to the government to take the responsibility of the coverage of normal and other insurance schemes, both as to the risks themselves and as to the risk, or to provide for covers into major health coverages. Obviously, this isn’t commerce but it would be provided by a national government.

If well-tongued by a private contractor to put up the building and the government arrangements to buy the same or to have the purchase agreement over a period of events, usually 10 years. In other words, Uncle Sam is going on the installment buying plan.

The sweet virtue of this scheme is that Congress will have to appropriate only for one year’s installment at a time on the public buildings it buys. Herefore it had to appropriate for the entire cost at the time the building was completed. This installment buying method, of course, like FDR’s little experiments of new agencies, isn’t going to cost much, Oh, no. It is limited to a three-year program. That if after three years Congress wants to go back in paying for things as it buys them, then, Congress has to do is stop the idea, except for whatever buildings it has contracted to buy on the installment plan (and that’s three-year period). And think of it, only $100 million is provided to start the thing.

Eventually, of course, the government will wind up buying most of its buildings on the installment plan. This will make it possible for the cost of public and the ultimate load of social security, and the public debt, to be borne by future generations.

[This column is intended to reflect the “behind the scene” inter- pretations from the nation’s Capital and may or may not coincide with the “Chronicle’s” own views.]