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**EDITORIAL**

## As We See It

Leon Keyserling et al., operating under the style and title of "The Conference on Economic Progress," have come forward with a typically New Deal-Fair Deal program for the salvation of this country. We are quite certain that if the ordinary American were to read of such plans having been devised to promote the general welfare in any foreign country, he would find it rather amusing. If it had been devised in any one of several lands where American money has been sent and is being sent in staggering amounts to shore up the economies of these alien lands, doubtless the cry would quickly and quite warrantably be raised that we were being duped into financing novel experiments in socialism or something very like it.

But this "program of progress" is being proposed for this country, and there is real danger in it. The reason is not far to seek. Like so much of the New Deal and the Fair Deal, these proposals have been carefully and shrewdly framed and offer largesse to several of the elements in this country which have at times in the past been able to command large blocks of votes, and may be able to do so again. And along with these *ad hominem* inducements are presented ominous forecasts of what is alleged to be likely to happen should the advice thus given be rejected—forecasts which in their turn have been framed in such a way as to remind the rank and file of the hardships of the 'Thirties.

The nostrums now offered are familiar enough. They may have a slightly different kind of coating, but there need be no mistaking what is the tablet. Government expenditures must be greatly

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## A New Period of Economic Growth Is About to Begin

By GABRIEL HAUGE*

Administrative Assistant to the President For Economic Affairs

**President's economic aide, contending rough ground of Transition from postwar inflation has been accomplished, lists as four basic conditions for confidence in economic future: (1) the thrust of population growth; (2) technological revolution; (3) the impulse of Americans for "more and better," and (4) the rising belief in the regenerative forces of the economy. Upholds removal of restrictions on private enterprise. Says government has responsibility to help conduct "a sturdy floor over the pit of personal disaster," but should not be expected to smooth out every wrinkle in curve of business activity.**

It is a very great privilege for me to come here to kick off this discussion on economic development, and I want to thank you very much for the opportunity to do so. There are few things of greater concern to us with responsibility in the economic area in Washington.

Dr. Gabriel Hauge

Frequently we lump together two ideas—stability and growth or development. I have heard criticism of the January Economic Report of the President because it was too much preoccupied with economic stability and not sufficiently concerned with economic growth. I feel that is a rather unfortunate misconstruction of the document, because there was real concern shown on both counts.

At the time that document was written—you will remember, at the end of 1953—we were moving into a rather rough phase of this postwar readjustment. The unemployment figures were mounting, industrial production figures were

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*Informal remarks of Dr. Hauge before the 46th Annual Meeting of the Governors' Conference, Bolton Landing, New York, July 14, 1954.

## The Stock Market Today and Tomorrow

By KENNETH WARD*

Hayden, Stone & Co., Members N. Y. Stock Exchange

**Market analyst lists bullish factors, as inflationary creation of purchasing power, favorable earnings figures, high production levels, flow of new orders and liquid savings. As offsetting elements, he cites cluttered inventory situation in some industries, rising costs and profit squeezing. Maintains higher grade quality stocks are at peaks, and could be sold on strength. Includes analyses of 22 different stock groups.**

In school when you play football you stick with your team, win, lose or draw, but when you go into the stock market, your sole object is to decide in advance which side is going to win and then you join that side. If at some time you think the other side is going to win, you change just as quickly as possible. The old school tie philosophy doesn't apply in the market-place. We are all likely to be good Monday morning quarterbacks, but to call the plays correctly while the game is being played is a lot more difficult. I too, like to be on the winning side in the market as much as possible, but there are a number of factors which must be included in any winning decision.

Kenneth Ward

First, there is a constantly changing psychology in the stock market. You men are supposed to be hardheaded. You are supposed to render a definite opinion on what is going to happen to the market and individual stocks such as U. S. Steel, General Motors, American Can, General Electric, du Pont and many other stocks which are less well-known. You are supposed to submit your opinions to men who are often more hardheaded than you are —people with money to invest. Sentiment has no place in the market. We try to be optimists as often as

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*A talk by Mr. Ward before J. Henry Helser & Co., Portland, Oregon, July 26, 1954.

**SECURITIES NOW IN REGISTRATION — Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 30.**

# The Security I Like Best

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

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

### This Week's Forum Participants and Their Selections

**Worthington Corp.** — Thomas P. Doherty, Research Dept., Harris, Upham & Co., New York City. (Page 2)

**New Idria Mining & Chemical Company** — Walter K. Gutman, Goodbody & Co., New York City. (Page 2)

THOMAS P. DOHERTY
Research Dept., Harris, Upham & Co., New York City
Members of New York Stock Exchange

**Worthington Corporation**

While the common stock of Worthington Corporation must still be regarded as speculative, its quality has improved in recent years by reason of the diversification accomplished, its aggressive expansion in the air conditioning field and working association with leading companies and the Atomic Energy Commission in certain phases of nuclear energy. Earnings and sales in the past have been affected by cyclical changes in the economy and this pattern will undoubtedly be followed in the future, although such influences should not be as pronounced as formerly. This belief is supported by the fact that a substantial percentage of the company's products are sold to recognized growth industries and Worthington's expansion in air conditioning is likely to be rapid. Demand for replacements and parts of its regular line also continues in an upward trend, presently running at an annual rate of approximately $24,000,000.


Thomas P. Doherty

**Source of Demand:** About 65% of volume is accounted for by public works and public utilities, which include electric power, natural gas pipelines, waterworks, sewerage disposal, highways and municipal and state projects generally, plus the auto industry, chemical, mining, petroleum, railroads and air conditioning. The remainder is absorbed by the Navy and marine sources, irrigation and the Atomic Energy Commission. Foreign sales are running about 15% of the total and defense work, 18% to 20%. With the exception of one undisclosed item, demand from the latter is expected to decline, unless the foreign situation worsens or the government embarks on a new shipbuilding program. An interest was acquired in electronics and automation this year and shareholders of a home heating and air conditioning concern with sales of slightly less than $11 million for 1953, are scheduled to vote in the near future (see below) on an offer for its properties made by Worthington. The company's replacements and repair parts market is expected to continue to record a gradual increase and potential demand for its well rounded line of air conditioning equipment for the home, office, commercial and industrial use is considered huge. It is the management's opinion that within 10 years the air conditioning-refrigeration product line, which enjoy a high rating for quality and performance, may possibly become its largest single division.

**Nature of Business:** Worthington is an important factor in engineering and represents one of the leading domestic manufacturers of heavy machinery and equipment. Although it remains the chief domestic manufacturer of pumps, it is now broadly diversified. In addition to heavy equipment requiring large capital investment, numerous smaller items are also marketed. While a substantial amount of business is done on individual specifications, standardized products account for an increasingly large proportion of output. The range of products is wide and include gas, diesel and dual fuel engines, steam condensers, air and gas compressors, rock drills and air tools, turbines, electric motors, generators, switch gear transmission drives, welding positions, liquid meters and other machinery.

**Earnings-Dividend:** In each of the past seven years, earnings have exceeded $5.00 and averaged out to $5.43 for the stock in this period. It is anticipated that the report for the six months to June 30, 1954, will show a balance of more than $3.00 for the 1,096,905 outstanding shares as against $2.71 on a smaller number for the first half a year ago. And it is expected that net income for the 12 months to Dec. 31, next, will compare well with results for the preceding period. Currently, the company will benefit modestly from the demise of the excess profits tax. In addition, Worthington charged $538,000 off against earnings on account of accelerated amortization for 1953 but this practice has been discontinued. Based on the indicated profits, a year-end or extra dividend of 50 cents is looked for to supplement the regular quarterly payment of equal amount to bring total disbursements to $2.50.

**Backlog:** Approximates $55,000,000, which compares with 1953 sales of $144,415,087 and should assure a high rate of operations for some months without benefit of new orders.

**Atomic Energy Developments:** Worthington Corporation engineers have provided consulting services in atomic energy as early as 1941; and in 1942 supplied high pressure boiler feed pumps for the power plant which in turn supplied the energy to the diffusion plant at Oak Ridge. Later they designed and built uranium hexafluoride compressors. The company worked closely with Oak Ridge with respect to hydraulic design of reactor coolant circulators and special bearings. The first really successful reactor-generator power was produced by a Worthington turbine generator at that center. Personnel have cooperated with Westinghouse Electric and General Electric in connection with the atomic submarines and under development contracts are assisting in the engineering studies and designing of machinery for nuclear-powered aircraft.

Officials do not look for any great benefit from atomic power installations, etc., over the immediate future but its association with the foregoing is regarded as having favorable implications for the longer-term. It is generally believed that the use of atomic energy for civilian purposes is headed for spectacular growth, however.

**Research:** Technical research continues to occupy a foremost place in its engineering activities and greater funds than heretofore appropriated have been made available for such purposes. In addition, collaboration with outside scientists and recognized research laboratories supplements its own well rounded facilities. Several new products were perfected last year while others are in the development stage and many projects are underway which cannot be made public at this time.

**New Acquisitions:** In the forepart of this year, assets of Mullenbach Electrical Manufacturing Co., a producer of switchboards, electrical controls for buildings, industrial plants, etc., was acquired. The company also manufactures a new revolutionary control device the application of which are chiefly in the field of servo mechanisms for the automatic control of machinery. It will also be used in air conditioning and for other purposes. Stockholders of L. J. Mueller Furnace Co., a producer of heating and air conditioning equipment are scheduled to vote on a plan of acquisition by Worthington as soon as the new tax measure becomes law. As set forth above, this company's operations will fit in well with Worthington's air conditioning undertaking and add measurably to sales. In 1953, this company showed a net income of $485,654 after charges.

Worthington Corp. common stock is listed on the New York Stock Exchange and is currently priced at 45½.

WALTER K. GUTMAN
Goodbody & Co., New York City
Members, New York Stock Exchange and American Stock Echange

**New Idria Mining & Chemical Co.**

Years ago the famous author Bret Harte found the New Idria mercury mine worth writing a book about. Story material existed in the unusual total of murders carried out in the deep shafts and the sultry sinfulness going on up the mountain. In 1954 I find the mine and the company which now owns it worth writing about because of the high price of mercury. Because mining mercury is now profitable and certain to stay that way for at least three years, New Idria may be entering one of its most glamorous periods, financially speaking.


Walter K. Gutman

The New Idria mine which is now owned by the New Idria Mining and Chemical Company, listed on the American Exchange, is located about midway between San Francisco and L. A. For 100 years it has been the largest producer in the U. S. and $100 million of mercury are believed to have come from its tunnels during the century. Production has not been steady, however, and profits have been definitely sporadic. The price of mercury has always been mercurial and at times there haven't been any profits. At others, they have been on the fabulous side.

In 1949 the price of mercury was as low as $71 a flask (a flask contains 76 pounds of quicksilver). Currently the price has been $295 a flask which gives an efficient U. S. producer like New Idria a good $150 per flask of operating

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# The Gold Standard in Historical Perspective

By DONALD L. KEMMERER

Professor of American Economic and Financial History, University of Illinois

**Dr. Kemmerer reviews historical trends in hard money, especially the gold standard. Gives case histories of nations that have taken the "primrose path" of managed currencies. Stresses financial strength in restoring the full gold standard, and holds nations with stable money have the highest standards of living. Concludes, United States today can resume the gold standard quickly and easily, and fears that such resumption will fail are greatly exaggerated. Sees gold standard restoration in U. S. as forerunner of similar action by other leading nations.**

The use of gold and silver as money dates back to the 7th or 8th century before Christ and perhaps before that. Darius of Persia (521-485 B.C.) had coins struck that were especially fine for the time. The Persian gold Daric weighed 130 grains, about $9 today.[1]

Donald L. Kemmerer

Centuries of use of gold as money in many countries is the best scientific proof that economists can offer that the gold standard is the best standard. Man's experience is the experimental laboratory of the social scientist. Historians tell us the results. Customs, like the use of gold coins as money, that stand the test of time, that people keep returning to century after century, must have much to be said in their favor. The reason nations keep coming back to the gold standard is that people cannot trust their governments to maintain monetary stability without it. The temptation to do otherwise is too strong.

The gold standard has been more popular at some periods of history than at others. Generally it is most welcome after an inflation. Following the paper money experiences of our own Revolutionary War and of 1780's our people adopted the Constitution. It provided, among many other things, that only Congress shall have the power "To coin money, regulate the value thereof, and of foreign coin, . . ." and that "no State shall make anything but gold or silver a legal tender in payment of debts."[2] Down to the Civil War this was interpreted to mean that only gold and silver might be legal tender. With very minor exceptions Congress authorized the issuance of no legal tender paper money. Again after the Greenback inflation of the Civil War, the United States returned to gold and for a generation resisted the temptation to embark on an inflation in terms of silver which was then becoming more plentiful. And a third time, after the inflation of World War I, when wholesale prices more than doubled here, this country hastened to return to the greater stability of the gold standard.

Over in Europe similar events were taking place between 1810 and 1931. Bimetallism and the gold standard were popular following the inflations growing out of the Napoleonic wars. In mid-century, from the Revolution of 1848 to the end of the Franco-Prussian War in 1871, there were many currency suspensions. Somewhat later it was realized that bimetallism and silver were no longer satisfactory because of the cheapening of silver. Once again there was a trend towards the gold standard. In 1873 there were some nine countries on the gold standard; in 1890, 22 countries; in 1900, 29 countries; and in 1912, 41 countries. Following the painful inflationary experiences of World War I, there was another rush in the 1920's, especially the latter 1920's to return to the monetary security of the gold standard. The number of nations on gold increased from six in 1921 to 27 in 1926 to 47 in 1931. Unfortunately many countries could no longer afford an adequate form of the gold standard and resorted to the less dependable gold exchange standard. This was a house of cards resting on a foundation of the gold standards of a few major countries. When one or two of these toppled in 1931 and 1933, the whole house of cards fell.

On the other hand, the gold standard is most likely to be unpopular in periods of depression. It has been occasionally, and erroneously, blamed for depressions, such as the ones of 1873-78, 1893, 1895, and 1929-33 in the United States. Liquid funds are scarce in a depression. There are generally many advocate of monetary panaceas, one of which is likely to be adopted. The gold standard gets in the way of efforts to relieve alleged currency shortages and of currency plans with a high degree of management.

During a war, too, often it is difficult to maintain the gold standard. Comparatively few countries have succeeded in doing so. Commodity shortages and increasing money supplies create trade imbalances with non-warring nations and cause heavy gold

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1 A. R. Burns, "Money and Monetary Policy in Early Times" (A. Knopf, New York, 1927), pp. 86, 140-41, 145, 160, 199, 223, 256.

2 Constitution, Article I, Section 8, clause 5 and Section 10, clause 1.

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# Timber Stocks

By IRA U. COBLEIGH

*Enterprise Economist*

**A short log account of two interesting companies in British Columbia very busy sawing wood, and expanding the production, sale and use of diverse forest products.**

With all the roaring current enthusiasm for Canadian investments, it can easily be noted that most of the board room chatter relates to oil exploration and mineral strikes — especially uranium these days. When it is wired to New York that some coon hatted prospector's geiger counter has been making noises like a woodpecker, up in the moose pastures, then as Jackie Gleason says "Away we go!" All the shares of companies with land holdings near the find, be they no bigger than an outsized bath mat, will respond with wild and wacky exuberance.

Ira U. Cobleigh

The foregoing is not designed to inveigh against speculation in general, but to suggest that more logical, and less sheep-like attitudes, should be taken in the quest for the swift market buck. For example, if oil drilling, pipelines and refining enterprises, vast mining operations for iron and other ores, hydro electric and aluminum installations are building a new industrial Canada, it follows that new towns will arise, and old ones grow into big cities. Expanding population will, by the hundred thousands, be seeking new housing, creating a vast new national market for timber products, which heretofore have, especially in Canada's West Coast, been mainly exported.

This is all by way of introduction to today's topic—forest product companies in B. C., where some of the finest stands of fir, pine, hemlock, balsam and cedar stretch over tens of thousands of square miles on the Pacific slopes, waiting for decades to serve the needs of man, and derivatively, to be converted into earning power, and growing equities, for perceptive and patient investors.

**MacMillan and Bloedel, Ltd.**

The largest timber company in this area, and one of the largest in the world, is MacMillan and Bloedel, Limited, which, for raw material, has reserves estimated at about 10½ billion F.B.M. (foot board measure) in the soft wood forests of British Columbia. This company was formed on Oct. 1, 1951 as a merger of H. R. MacMillan Export Company, Ltd. and Bloedel Stewart and Welch, Ltd. The combination built a fully integrated lumber organization, with gross sales, 1953, of over $127 million.

M and B go from the tree right through to the finished products. The timber stands have already been mentioned. Next in order come logging operations, and the sawmills which can turn out 523 million F.B.M. a year and thus account for about 7½% of all of Canada's lumber production.

Plywood has come up fast as a building material, and M and B has moved powerfully into this field, producing about 40% of all Canadian plywoods.

M and B does not make paper, but has a big and expanding operation in its basic ingredient—sulphate pulp. They can turn out 600 tons of this per day, which is quite a pile of newspapers on the hoof.

Then, of course, no lumber company would be complete if it did not turn out shingles. M and B made 422 thousand squares in 1953. It also contributed to the shelter of mankind by producing 524,000 doors last year.

Finally, there is, in every sawmilling unit, a lot of wood waste. I don't know just how important sawdust is for stuffing teddy bears these days, but I do know that M and B make a lot of Pres-to Logs from mill waste.

Few progressive companies nowadays just keep on making the same old products; they spend a lot of money on research. So it is with M and B. They are constructing a new laboratory at Harmac, B. C. to study new uses for wood wastes, and to widen the range of profitable wood products.

On the financial side there has been some fluctuation in net sales and operating revenue. For 1952 this figure exceeded $150 million; was $127.5 million for 1953; and current operations suggest a total of around $127 million for this year. Net profit for 1953 was $11,316,000 which worked out to $2.14 a share on the equities.

Like so many Canadian companies, the MacMillan and Bloedel divides its equity into "A" and "B" common shares. The class "A" is non-voting, non-callable, cumulative in respect to 50¢ per share a year dividends and convertible at any time into the "B," share for share. There are only 142,905 "A" shares outstanding. The "B" is the voting stock, with 5,142,633 shares listed on the Toronto, Montreal and Vancouver Exchanges and currently quoted at 22½. Ahead, lie $8.8 million of first mortgage bonds—sole debt.

About dividends, the present rate is 80 cents, affording a yield of roughly 3½%. But this should not discourage an interested buyer since the tradition here has been to pay out less than 30% of net in cash; and since 1947 over $60 million (or $11 a share) has been ploughed back into property improvement — all from retained earnings. Further, there's considerable hidden earning power by virtue of heavy depreciation and depletion charges (7½% of sales in 1953).

For a mature, diverse lumber products equity, benefiting from excellent management and attractive future potentials, MacMillan and Bloedel "B" at 10 times earnings is hardly to be considered overpriced, unless high cash yield is your target.

**B. C. Forest Products Ltd.**

A smaller and somewhat less mature enterprise, but growing in importance in the Canadian timber industry, is British Columbia Forest Products, Limited. Like M and B, it has big timber holdings (over 3 billion board feet) on the mainland, and Vancouver Island; and like M & B it is an integrated enterprise. As a matter of fact, there has been a rather close association between these two properties. MacMillan and Bloedel had a management contract with B. C. Forest Products until May 31, 1953, and still acts as its sales agent.

The properties of B. C. Forest Products, in addition to timber stands, include seven logging camps, four sawmills of modern design, a plywood mill and a shingle mill. Plans for a new pulp mill are being studied by the management.

Since incorporation, in 1946, as a merger of several small companies, net profits have varied from the lowest year, 1949, when $1,208,880 was earned, to $2,994,000 in 1950 (the top year). 1953 racked up $1,923,697 in net which quite amply supported the $600,000 cash dividend distribution for the year.

Capitalization affords a quite considerable leverage for the 2,000,000 outstanding shares of common. $11.6 million of debentures and bonds lie ahead of this common, and one of these debt issues has a very special appeal. This is the issue of $4,832,000, 5% debentures due Feb. 15, 1962. While junior to the first mortgage, it has enjoyed good interest coverage (over tight times in 1953) and totes a conversion privilege far more alluring than the average run of optional downstream switches. Here each $1,000 bond can be converted, any time until maturity, into 100 shares of common. Since the common sells today at 7½ (the 40¢ dividend yields 5.35% currently) it is not immediately profitable, but if the common hits the $10 marker, the bond should advance 10 points for each point on the common. The bonds sell around 106 and give you a fascinating straddle between the safety of the bond and the volatility of the stock. You can run afoul of a whole lot more hazardous speculations than B. C. Forest common, and you seldom see a bouncier conversion privilege than the 5% debentures (that is if the stock goes up!).

It is not to be construed from the foregoing kind words that the timber business is devoid of risk. On the contrary, it's definitely cyclical, the prices of woods have been a bit soggy the first half of this year; and these companies do depend very heavily (60-75%) on lumber export to the U. S. and England. A slackening in the building boom in the U. S. could be damaging. On the other hand, the diversification of these properties into pulp, plywood, and applied wood waste flattens out the cyclical element somewhat, and the dramatic growth of Canada itself indicates a far greater future home market for forest products. These two units we've talked about, favorably situated in fabulous British Columbia (90,000 square miles larger than Texas) have a lot of glamour and a rather uninhibited future prospect. If you think some of the Dow-Jones bellwethers have rather outrun themselves in recent markets, then perhaps your speculative interest may lead you to the tall timber—timber stocks like the ones we've lumbered through in the preceding paragraphs.

# The State of Trade and Industry

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

A moderate rise was noted in total industrial production for the United States in the period ended on Wednesday of last week, but output continued to remain at about 9% under the high point of a year ago.

The number of continued claims for unemployment insurance payments in the week ended July 10 rose 8% from those of the preceding week, but initial claims in the week ended July 17, decreased 10% from the number of the previous week.

The major areas with a very substantial labor surplus were Lawrence, Mass.; Providence, R. I.; Kenosha, Wis., and Altoona, Scranton, Johnstown, Wilke-Barre and Hazleton, Pa.

New claims for unemployment compensation dropped 13,900 to 297,000 in the week ended July 24, the United States Department of Labor reported. The decline was due chiefly to a tapering off of vacation shutdowns in industry.

A recent announcement by Secretary of Commerce Weeks discloses that Federal spending is being accelerated "to give business a little nudge." The speed-up, the secretary stated, is based on "an Administration decision." The government "is not trying to think up ways to spend money," he added, but is simply trying to hasten the purchase of things that were going to be bought anyway. In the Commerce Department, Mr. Weeks declared, the quickened procurement program applies to shipbuilding, aid to airports and highway construction.

Living costs will be generally steady the next few months, though food prices may jump around a bit. That's the view of the Bureau of Labor Statistics of the United States Department of Labor, on the basis of what consumers prices did in recent summers and their performance between May 15 and June 15. In that perriod, the government's cost-of-living index edged up 0.1% to 115.1% of the 1947-49 average. An 0.4% increase in food prices was the chief cause of the rise.

The outlook for steel in the second half of this year is favorable, states "The Iron Age," national metalworking magazine, this week. Although steel companies enter the period with order backlogs shrunken, it is expected they will be able to obtain sufficient business to permit them to operate at least as high as they did in the first half. Earnings should fare equally well.

While steel production in second quarter of this year was 2.2% less than first quarter, the industry's earnings actually rose 15.7%, "The Iron Age" points out.

Although production in the first half of 1954 was 24% less than in the first half of 1953, earnings declined only 15.7%, this trade weekly notes.

The steel industry profits picture is obtained from an "Iron Age" compilation of earnings statements of 20 companies accounting for more than four-fifths of the industry's steelmaking capacity.

Comparison with 1953 is especially significant because 1953 was the second most profitable year in the history of the industry, being only 4% under the record year, 1950.

Contrary to common belief, elimination of the excess profits tax had little to do with the industry's favorable financial results. Earnings of most companies would not have been affected by the tax had it still applied, it continues.

At the same time, it states, estimated Federal income taxes of steel companies were drastically lower. This was due largely to accelerated amortization of recently expanded defense supporting steelmaking facilities. Once these facilities have been written

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# Mutual Savings Banks' Deposits at New High

**Aggregate deposits in 528 mutual savings banks now reach top figure, of $25,430,000,000. Mortgages still gain as savings banks' investment.**

According to J. Hamilton Cheston, President of the National Association of Mutual Savings Banks and President, The Philadelphia Savings Fund Society, total deposits of the 528 mutual savings banks of the nation increased $1,042,000,000 during the first six months of 1954 to reach the record high figure of $25,430,000,000.

On June 30, the number of accounts also hit a new record high of 20,561,000. Over the past 12 months, total deposits showed a gain of $1,180 million, or 7.7%, which was only slightly below the increase of $1,848 million, or 8.5%, during the preceding 12 months. The gain of $1,042, million for the first half of 1954 was 3% more than the gain of $1,009 million during the corresponding period of 1953.

The increased deposit gains during the first half of 1954 as compared with the same period of 1953 reflect the fact that current interest-dividend payments were 30% greater than during the first six months last year. Amounts deposited in regular accounts were 4% greater but withdrawals were 7% above the corresponding figures a year ago.

During the month of June alone, total deposits gained $225 million. While 4% less than the $234 million rise shown in June, 1953, the increase was greater than for any other June since 1947.

Mortgage lending continued to provide the chief outlet for savings bank investment during June. The gain of $172 million in the banks' mortgage portfolios brought holdings to $13,742 million, or 48.4% of assets. Cash showed a seasonal gain of $104 million and corporate and municipal securities rose $31 million, while holdings of U. S. governments fell $99 million.

Over the first half of 1954, savings banks placed $950 million in mortgages, and $338 million in corporate and municipal securities, while maintaining cash unchanged and reducing U. S. governments by $167 million. During the same period of 1953, they added $730 million of mortgages, $332 million of corporate and municipal securities and $35 million of U. S. governments, while reducing cash by $52 million. The mortgage gain during the first six months of 1954 was 9% above the previous record of $875 million set during the same period of 1951.

# Harry Morris Joins Walston in New York

Harry H. Morris, Jr., formerly with Bache & Co., has joined Walston & Co., members of the New York Stock Exchange and other leading exchanges, it is announced. At the same time Walston & Co. disclosed the opening of a bond department in its New York office at 35 Wall Street.



# The United Nations—Ten Years After

By A. WILFRED MAY

*HARRIMAN, NEW YORK*—The significance, to this observer at least, of this meeting of the American Assembly here, largely lies in highlighting the drastic change in the United Nations Organization's status—its problems and "public relations"—since its founding at San Francisco a decade ago.


A. Wilfred May

With the general subject of the discussion sub-headed "Problems of UN Charter Review," 60 expert participants, including bankers, industrialists, professors, journalists, clergymen, and executives of non-profit foundations, were convened here to assess the potentialities for good or bad in the proposal for a Charter Review Conference; the consideration of which will automatically come on the agenda of the General Assembly in 1955. But, as was to be expected at a very early stage of the three-day meetings here, the discussion spilled over to concern over the Organization's present and future basic status, and to the ramifications of United States foreign policy, without as well as within the United Nations.

The host of this high-level lay discussion is the American Assembly, initiated by General Eisenhower in 1950 when he was President of Columbia University. The get-togethers take place in Arden House, the former personal home (cum 85 bedrooms, etc., etc.) of the late E. H. Harriman and his family, high in the Ramapo Mountains, and given by Averell Harriman to Columbia University, under the aegis of whose School of Business discussions such as these are held throughout the year.

### The Basic Trouble

At the root of the UN's troubles are the dynamic world forces which were not foreseen by the Charter signers at San Francisco nine years ago. Four such factors are cited in a participants' background paper prepared by Walter Millis, as follows: (1) The enormous power vacuum ensuing from the destruction of German, Japanese, and Italian militarism, the collapse of France, and the exhaustion of Great Britain. (2) The upsurge into this vacuum of an impassioned Asian nationalism everywhere around the Eurasian periphery. (3) The uncompromising exploitation of this situation for her own aggrandisement by Soviet Communist imperialism. (4) And permeating all the discussion. The unlocking of the atomic nucleus, and the application of its enormous energies to the purposes of military destruction — all important, and permeating practically all the deliberations here.

The World Organization's present frustrations are rooted back in the actual deep rooted chasm of hostility between the Communist and non-Communist worlds really existing at the time of the signing of the Charter—a chasm which was ill-concealed and shakily bridged over. It is the seemingly inexorable pressure of this political situation, and not at all factors having to do with the language or procedure of the Charter, which have forestalled peaceful solutions.

Accompanying this impossible political situation is the public's lack of esteem for the UN. Significant as it is brought to light here, is it that, inadequate and insufficient though the Charter may be from the UN-protagonists' point of view, they are better off in *opposing* the holding of a Review Conference, and being satisfied to keep what is there without emasculation by either the Russians or the Americans. To accord with present American public opinion, the compromise suggestion was made by some individuals to postpone Charter review until after our 1956 elections.

Moreover, the participants also opposed such a conference in the thought that it might do more harm than good. This springs from the expectation that use of the veto against necessary amendments by both East and West would provide a major disillusionment for the public.

And to the extent that appreciable public support for the Organization by Americans does exist, it is tied in closely—as it is realized here — with our security role and self-protection—in line with furthering bilateralism and regional arrangements in contrast to collective UN action.

### A Basic Conflict

This potential conflict between regional arrangements and the concept of a true World Organization as again revealed here goes back to the UN's genesis at San Francisco. In fact this precise question was put to Mr. Eden there by this writer at his major press conference, eliciting the optimistic view that "the matter can be worked out with these elements [regional] viewed as buttresses to the World Organization."

Ever more difficult has this conflict become, evidenced in the practical skin-saving technique of NATO, EDC, and some emergency measure to rescue something of Asia.

### Atomic Repercussions

The all-pervasive effect of atomic weapons' development on our security, and in pushing general neutralism, has been most impressively brought out here. In a meeting chaired by Milton Katz, formerly one of our top-level European representatives and now of the Ford Foundation, it was held that broadened neutralism in the Swiss-Swedish sense, is perhaps justified under the threat of single-bomb destruction. And that, similarly, the problem of rebutting the charge of war-mongering against America is thereby made more difficult.

Other facets of the *atomic* discussion here have broached, per General Ridgway's talk, the need for practical reliance on non-atomic warfare in actual action; and the urgency of disarmament, despite its futility versus the Soviet's use of words; with the conclusion that the U. S. must simultaneously push both disarmament-with patience and arming.

### Economic Autarchy

The march toward autarchy in the economic field was cited — with the greatest misgivings—by Isador H. Lubin in an interview-discussion here with this writer. It will be remembered that Mr. Lubin was for six years the United States Representative to the Economic and Social Council.

Two major current events are cited by Mr. Lubin as symptomizing the trend away from co-operation in the economic and financial area. First, is the revelation of a final and decisive turn-down by the United States of the project of an International Finance Corporation, which idea we Americans ourselves had over recent years nurtured along for consideration through International Bank and Monetary Fund machinery. Its technique envisaged the devotion of capital on an equity rather than a creditor, basis.

The other significant symptom was the cutting-off by the Congress of appropriation for technical assistance through the UN. Although the final bill will probably restore the item, even the temporary emasculation is seen as revealing an anti-UN, anti-cooperative spirit.

Relevant to our international subsidization policy, and its New Look, it must be said that even many of the "liberals" here, discussing the matter under Ernest Gross, although formally plumping for enlarged UN aid, are impressed with the conclusion that we get more for our money through Point IV than through UN Technical Assistance machinery.

Continuing dollar-and-cents results show that, even with our government guarantees, foreign fields cannot compete with the opportunities at home for the American dollar.

So, the swing away from collectivism toward autarchy applies in the economic as it does in the political field.

# Clarence Majerus Now With Hess Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

QUINCY, Ill.—Clarence N. Majerus has become associated with Hess Investment Company, Illinois State Bank Building. Mr. Majerus was formerly Executive Vice-President of the J. H. Miller Manufacturing Co.

# Baxter, Williams Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Robert B. Egan has become associated with Baxter, Williams & Co., Union Commerce Building, members of the Midwest Stock Exchange. He was previously with Fulton, Reid & Co.

# Vacations and Investments

By ROGER W. BABSON

**Asserting vacations since World War II have become a "big industry," Mr. Babson points out recreation is on the increase, and people are having more leisure. Advises making investments in companies which "save labor" and forecasts higher prices for "lazy stocks."**

Manufacturers, merchants, and job seekers should always be looking for new industries. Habits control buying; and buying habits are constantly changing.

### What About Auto Trips?

Vacations have been on the increase ever since by boyhood. Vacationing is not a new industry. Since World War II, however, it has become a big industry, primarily because of the vacations which almost all employers give their wageworkers. Vacations have become a MUST.

Roger W. Babson

Automobiles have been the factor booming vacations. If your automobile helps you to relax, then an automobile trip is beneficial. If, however, it is tiring and not relaxing, then it is harmful. It does the postman no good to "take a walk" on Sundays! Do something different when on your vacation—something you don't have the time to do ordinarily.

### Vacations at Home

The best vacation is to be able to do as you want to do for two weeks. Get up when you want to, go where you want to, and take a real rest. Give you wife a rest from cooking and washing dishes. Buy things which do not need cooking. Cooking is a bad habit in summer—and dishwashing is worse! Use paper plates in summer!

A real rest includes resting our stomachs. Doctors agree we should give our digestive organs a good vacation each year, spending money for fruits rather than for meats; and drinking lots of milk and water. In winter we must eat for two reasons: (1) to gain physical strength, and (2) to keep warm. In summer we do not need to eat to keep warm. I forecast that in years ahead people will give much more attention to eating less in the summer. In fact, experts tell me that each season of the year requires a different diet, both as to quantity and quality.

### Recreation on the Increase

Whatever your business or job, do not forget that "working hours" will be shorter rather than longer. This means that everyone will have more leisure time. This is the reason for the boom in "Do-It-Yourself" industries, which are hurting some trades, but helping others. See your local public library for one of the home-craft magazines which describe such work, or visit one of the many shows which the Orkin people of 19 West 44th St., New York City, are putting on to help merchants.

All the above means that your real pay in future years will be in money plus hours of leisure. Hence, it is of great importance for us to "cash in" on these extra leisure hours by using them in worth-while ways—not for "hammock swinging." If you are not now a carpenter, mason, or electrician, you should attend night school or subscribe to a correspondence course which will teach you how to profitably use these extra leisure hours.

### When Selecting Investments

The older conservative investors do not approve of shorter hours, higher wages, etc., but this change is coming. It is foolish to buck it. Most people don't like physical work. This explains why coal stocks have been going down in price, while oil stocks have been going up in price. We prefer a thermostat to a coal shovel or ash shifter!

Stocks of electric refrigerator manufacturers have doubled in value, while the manufacturers of ice boxes have gone into bankruptcy. The tremedous growth of the frozen-food industry—including fruit juices—illustrates my warning: When making an investment — however small — be sure that it is in a company which saves labor. Make money by catering to the lazy streak in us all. This is why we telephone instead of write. I forecast higher prices for "lazy stocks."

### Watch Your Change!

Many merchants are complaining about the "dishonesty" of sales clerks in retail stores when giving back change from a cash register. A study of over 400 stores indicates all these mistakes in change are not due to dishonesty. They are due to the mental laziness of clerks and customers in not counting their change!

Thinking requires energy, the same as does manual labor. Most "white-collar" help hate to think and concentrate. Hence, they make careless mistakes. My father, who had a successful store in Gloucester, Mass., taught me always to count my change, and always tear a little paper of the wrapping of my purchase to be sure I have the right package.

## Stevenson, Walton Promoted by Bank

FT. WORTH, Texas—The Fort Worth National Bank has recently promoted O. Roy Stevenson from Trust Officer to Vice-President and Trust Officer. D. E. Walton, Manager of the bond department has been promoted to Assistant Cashier.

## With Calif. Investors

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Julian F. Fleg has become connected with California Investors, 3924 Wilshire Boulevard. He was previously with Walston & Co. and Hexter & Co.

## Joins Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Richard H. Harper has become connected with Dempsey-Tegeler & Co., 210 West Seventn Street. He was formerly with H. Hentz & Co. and A. W. Morris & Co.



# From Washington Ahead of the News

By CARLISLE BARGERON

It has been interesting, though disadvantageous to a very decent citizen, that in the McCarthy episode, the name of former Senator Hiram Bingham of Connecticut, has been mentioned. Writers and commentators have said that the last time the Senate "censured" a man was in the case of Senator Bingham.

Carlisle Bargeron

It is a fine analogy of demagoguery run riot and it is a commentary on the forces that would ride herd upon Senator McCarthy, that this is true.

As a young and rebellious reporter I went through the mob violence that characterized the attack upon Senator Bingham. It was during the long consideration of the Hawley-Smoot tariff bill in 1930. The forcing of Herbert Hoover to call up the tariff for revision was a fake in the first instance; it was a move on the part of the late Senator Borah, denied the Presidency, to be more powerful than the Presidency.

Borah was a leader of a coalition in the Senate between what was known as the Sons of the Wild Jackass and Southern Democrats. A similar coalition finally brought Roosevelt to his knees and kept Truman checked, and in both instances served the country well, but unintentionally insofar as the so-called Middle Western "Progressives" are concerned. In the light of history these Mid-West "Progressives" of the '30s seem to have been nothing but devilish and intent upon wrecking Hoover. The Roosevelt New Deal quickly absorbed them to such an extent that they came to be on the outside and opposing him.

Be that as it may, in their heydey in the '30s, they were riding high. They had the votes for mischief, they had the power for mischief and mischief they accomplished.

It was in this atmosphere that the case of Senator Bingham arose. He was a member of the Senate Finance Committee and in this capacity he suggested that the committee, considering the tariff, employ a young secretary of the Connecticut Manufacturers Association, who could tell them something about the tariff.

As I read it now in connection with the McCarthy case, Bingham "brought a lobbyist into the executive sessions of the Senate Finance Committee." Well, if you consider every business man's organization in the country and every man working for it a lobbyist, then this young man was a lobbyist.

A very energetic and capable young Hearst reporter was the first one to spring the young man's identity and make the statement that Bingham had brought a lobbyist into the secret confines of the committee considering the tariff. The coalition of "Progressives" and Southern Democrats politically went to town. Here was a scandalous proposition that shocked the sensibilities of the Senators of this coalition, and anytime you are worried about the Senate's maintaining its dignity, as has been urged by the propagandists in the McCarthy case, you should have a picture of how the Senate was shocked in those days.

The "Progressive" and Southern Democratic coalition had not a serious thought in their collective head. But they had the votes and therefore the power.

The poorly few Republican Hoover conservatives beat their brains out against the attack on Bingham. I can see now that greatest of hypocrites, George Norris of Nebraska, raving and ranting, as they were about to vote on Bingham, that the thing that disturbed him was that Bingham didn't yet seem to realize that he had done anything wrong.

Bingham didn't realize it then and he doesn't realize it yet. It burned the sanctimonious Norris up, the man who in his old age cried when the Nebraska voters finally caught up with him, that they had let him down—it burned him up when Bingham wouldn't apologize.

The comic relief was provided in this historic debate when a rough-hewed, uneducated Senator from Maine who had been appointed to fill an unexpired term, arose and said:

"The Senator from Connecticut has told you what he done and why he done it. Let's have no more of this nonsense."

One does not have to be a supporter of Senator McCarthy or an opponent to see the danger of the move to censure him. I say unhesitatingly that Senator Flanders has been the victim of unfriendly voices. He is an elderly man who had not attracted any attention in the Senate. He was a hard working man, too, and one who had the respect of his fellow Senators.

It is too bad that he listened to the siren call to fame. Because he should have known that the United States Senate is the last great deliberative body in the world. It is there that men make fools of themselves or attain greatness—but there they speak their piece.

In World War I, the elder Bob LaFollette who was against our entrance into that war, was first tried to be given the silent treatment by the country's press and then to be punished by the Senate. The man who bitterly disagreed with everything he said and what he stood for, but who defended and quite likely saved him from the mob thinking of the times, was the grandfather of our present Ambassador to that great peace confab of the United Nations—Henry Cabot Lodge.

# Economic Bases of U. S.—Latin-American Relations

By EDWARD G. CALE*
Director, Office of Regional American Affairs, Department of State

**Listing principal economic bases of United States relations with Latin America as: (1) our trade; (2) our private financial relations, and (3) our public financial relations, State Department official points to economic progress of Latin-American countries since Second World War. Says, however, outlook at present is not especially good owing to declining prices of exports, but indicates U. S. is interested in aiding solution of the difficulty by stabilizing prices of Latin-American staples; by affording freest possible access to our market, and by financing foreign currency costs of their development projects.**

The United States and the Latin American countries are bound together by many ties. These include ties of geography and of history. We also share common ideals. Furthermore, our interests are such that we have customarily found ourselves holding essentially the same views on important political issues. I am sure that close cooperation between ourselves and our sister republics will continue, not because we do not often have differences of opinion, but because it will continue to be in our mutual interest to cooperate and to resolve our differences in a spirit of understanding and accommodation.


Edward G. Cale

Cooperation between the United States and the other American republics rests on strong economic bases which are likely to be of an enduring nature.

The principal economic bases of United States relations with Latin America today are our trade, our private financial relations, and our public financial relations.

Our trade of nearly $7 billion annually is divided almost equally between imports and exports. Our exports to Latin America are equivalent to about 1% of our national income and represent about 20% of our total exports. Their exports to us are equivalent to about 8% of their national income and represent about 50% of their total exports.

Our private financial relations involve direct private United States investments in Latin America in the amount of approximately $6 billion. Such investments have flowed into Latin America since the Second World War at the average annual rate of approximately $250 million. In addition, private earnings of United States companies in Latin America have been reinvested, rather than being returned to the United States, at the average annual rate of approximately $190 million. Thus United States private investment in Latin America has been increasing at the average annual rate of about $440 million per year.

Our public financial relations are conducted through membership in the International Bank and directly through our own Export-Import Bank. The net flow of loan funds (disbursements less repayments) from these two institutions into Latin America has averaged approximately $93 million per year since World War II, of which approximately three-quarters has been supplied by the Export-Import Bank. The dollar exchange which the Latin American countries receive from their trade with us and from our private investment and loans provide them with the means of obtaining capital equipment in this country and of servicing dollar investment and loans which they need to carry out their economic development programs. Some of this exchange is also used by them to meet their daily requirements for such food and other consumer goods as they need to import from abroad.

Favorable trade and financial relations have helped the Latin American countries to achieve a really remarkable rate of economic progress in recent years. Of major importance in these relations has been the large demand and favorable prices for Latin American export commodities. Between 1939 and 1952 the prices of their exports had risen so much more rapidly than the prices of their imports that they would have been able to buy more than twice the physical volume of goods in 1952 with the 1939 volume of exports.

In calling attention to this fact I do not wish in any way to minimize the industry, intelligence and ingenuity that our Latin American neighbors have devoted to the progress which they have achieved during this period. I merely wish to note that favorable price relations facilitated their efforts.

### Progress of Latin America

The following are some indications of the really remarkable progress which they have made since the Second World War: Population is increasing in Latin America, on the average, at a rate of from 2 to 2½% per annum—more rapidly than in most other areas of the world. But national income has been expanding at a considerably more rapid rate so that there has been a very substantial increase in per capita income. Output of goods and services has been substantially in excess of population growth. The per capita rate of increase of output of goods and services since the war has been around 3½% per year. Living standards have been raised appreciably as a result, but not all of the increased output has gone into increased consumption. Economic development requires that capital be accumulated and capital accumulation in Latin America since the close of the Second World War has been exceptionally intense, the investment rate approximately 16% of total national income. This compares favorably with the record of even highly industrialized countries. The stock of capital per worker has increased on the average of from $1,177 in 1945 to $1,409 in 1952, an increase of more than 25%. The outstanding feature of this development has been the expansion in manufactures. The value of manufactures increased from $6.8 billion in 1945 to $11.4 billion in 1952. This is an increase of better than 70% in seven years. The value of manufactures surpassed the value of agricultural output in Latin America in 1947 for the first time and has outranked it ever since. The fact that these increases are measured from a very low initial base does not detract from, but rather emphasizes, the achievement of the other American Republics during this period.

Latin American officials are at present seriously concerned over the possibility that they may not be able to sustain this rapid rate of economic progress. In some ways the outlook for doing so is not especially good, owing to a decline in the demand for, and falling prices of, a considerable number of their export products, such as tin, copper, lead and zinc. Faced with a shrinking demand and declining prices our Latin American neighbors are understandably concerned over the situation. They are determined to continue their recent rate of progress and to assure their economic development. The United States is, of course, not in a position to underwrite the development of Latin America or the other undeveloped areas. We do not have the means at our disposal required for such an undertaking. Futhermore, I do not believe that our good neighbors to the south really want us to do so. They are a proud, self-reliant and self-respecting people and I am sure that they believe that they are largely capable of meeting their current problems themselves. In addition, the Latin Americans not only have the will to meet their problems, they possess the resources to do so and to support a much higher level of economic activity than they now enjoy.

They are especially interested, however, in action which we may be prepared to take to help them: (a) stabilize the prices of their exports, (b) afford them the freest possible access to our market for such exports, and (c) finance the foreign currency costs of their economic development projects. I should like to discuss briefly each of these subjects.

### Prices

The economic situation in most of the Latin American countries depends to a large degree upon conditions under which a relatively few of their commodities are sold in international trade. Most of the Latin American countries are heavily dependent on one, or at best three to four, raw materials and foodstuffs. For example, tin is the bellwether in Bolivia; nitrates and copper in Chile; sugar in Cuba; coffee in Brazil, Colombia, El Salvador and Guatemala; meat and wool in Uruguay, petroleum in Venezuela, and lead and zinc in Mexico and Peru.

The state of the export trade in these few commodities has a direct and major effect upon employment, and upon economic activity generally. They supply an overwhelming part of the dollar exchange required for the purchase of capital equipment in the United States and for servicing the dollar indebtedness and equity investment. They are the means to economic development.

The Latin American countries have therefore suggested that the United States help maintain a fixed and favorable relationship (from their viewpoint) between the prices of the products which they export and the prices of the products which they import. We have not been able to agree to such an undertaking. Even with the decline that has occurred in the prices of many of their export commodities in the last year or two, they are, in general, still favorably priced. Some, such as coffee and cocoa, are very favorably priced.

Furthermore, an undertaking to maintain a fixed relationship, on a worldwide basis, between the prices of raw materials and the prices of manufactured goods would undoubtedly be impossible of fulfillment. It would involve very extensive controls over the production and trade of all of the participating countries. The complexity of an undertaking of this nature is suggested by the problems that we have had in this country in maintaining our agricultural price supports, resulting as they have in recurring surpluses.

The United States, however, is very conscious of the problem faced by the Latin American countries as a result of the fact that their prosperity depends to so great an extent on such a limited number of commodities. We believe, furthermore, that there is a constructive contribution which the United States can make toward maintaining greater stability in world prices. A number of ways by which we can do this were indicated by the Randall Commission. These include:

1. Measures tending to relieve or remove impediments to United States foreign trade and to encourage other countries to move in the same direction, a matter which I will discuss in greater detail later.

2. Encouragement of diversification of the economies of the countries now dependent upon a small number of products, and encouragement of the governments of those countries to pursue policies likely to attract foreign investors to participate in the work of diversification.

3. Policies which will temper

Continued on page 28

*An address by Mr. Cale at the Fifth Indiana University Conference on Problems of American Foreign Policy, Bloomington, Ind.

# Dealer-Broker Investment Recommendations & Literature

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

**Common Shares**—Selected issues with no debt or preferred stock prior to the junior equity—In current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. In the same issue are a list of **High Yield Preferreds** and a brief analysis of **Atlas Corp.**

**Economic Highlights of the Southwest**—Monthly letter—First National Bank in Dallas, 1401 Main Street, Dallas 2, Texas.

**Electrical Control Equipment Companies**—Brief Data—Bache & Co., 36 Wall Street, New York 5, N. Y. Also in the same bulletin are brief data on **Cities Service** and **Chesapeake Corporation of Va.**

**How to Put "Life" in Your Stock Portfolio**—Analysis of life insurance companies by Ira U. Cobleigh—Contains specific data on **Aetna Life Insurance Company, American National Insurance Co., Connecticut General Life Insurance Company, Jefferson Standard Life Insurance Company, Kansas City Life Insurance Co., Life Insurance of Virginia, Lincoln National Life Insurance Co., National Life & Accident Insurance Company, Southwestern Life Insurance Co., Travelers Insurance Co.**—Morgan & Co., 634 South Spring Street, Los Angeles 14, Calif.—$1 per copy.

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

**Japanese Plastics Industry**—Analysis in June issue of "Monthly Stock Digest"—Nomura Securities Co., Ltd., 1-1 Chome, Nihonbashi-Tori, Chuo-ku, Tokyo, Japan and 61 Broadway, New York 6, N. Y.

**North Carolina Municipal Bonds**—Analysis—McDaniel Lewis & Co., Jefferson Building, Greensboro, N. C.

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

**Philadelphia Bank Stocks**—Comparison of 11 largest Philadelphia banks—Stroud & Company, Incorporated, 123 South Broad Street, Philadelphia 9, Pa.

**Progress Report—Canada**—Bulletin—Ross, Knowles & Co. Ltd., 25 Adelaide Street, West, Toronto, Ont., Canada.

**Southern California**—Summary of business conditions—Security First National Bank of Los Angeles, Box 2097, Terminal Annex, Los Angeles 54, Calif.

* * * *

**Air Products Inc.**—Memorandum—L. H. Rothchild & Co., 52 Wall Street, New York 5, N. Y.

**American Hoist & Derrick Company**—Analysis—Harold E. Wood & Company, First National Bank Building, St. Paul 1, Minnesota.

**Baxter Laboratories, Inc.**—Report—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis. Also available is a report on **Texas Eastern Transmission Corporation.**

**Canadian Chemical & Cellulose Company, Ltd.** — Analysis — Doolittle & Co., Rialto Building, Lockport, N. Y.

**Ford Motor Company Ltd. of London**—Analysis—Arnhold and S. Bleichroeder, Inc., 30 Broad Street, New York 4, N. Y.

**General Cable**—Analysis—Zuckerman, Smith & Co., 61 Broadway, New York 6, N. Y.

**Gulf Cities Gas Corporation** — Analysis — Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

**Hycon**—Circular—Singer, Bean & Mackie, Inc., 40 Exchange Place, New York 6, N. Y.

**I. G. Farben Successor Companies**—Information—Oppenheimer & Co., 25 Broad Street, New York 4, N. Y.

**Inspiration Consolidated Copper** — Bulletin — Joseph Faroll & Co., 29 Broadway, New York 6, N. Y.

**R. H. Macy & Co.**—Bulletin—Newburger, Loeb & Co., 15 Broad Street, New York 5, N. Y.

**Miami Copper**—Bulletin—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

**Missouri Pacific**—Bulletin—Vilas & Hickey, 49 Wall Street, New York 5, N. Y.

**Modigliani Glass Fibers**—Memorandum—Cohu & Co., 1 Wall Street, New York 5, N. Y.

**Northern Indiana Public Service Co.**—Memorandum—Barnes, Bodell & Goodwin, 257 Church Street, New Haven 10, Mass.

**Omnibus Corp.**—Analysis—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y. Also available are bulletins on **Stone & Webser, Baltimore & Ohio** and **Virginian Railway.**

**Pacific Power & Light Co.**—Card Memorandum—G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y. Also available are a table of comparative figures on **Public Utility Common Stocks.**

**Riverside Cement** — Analysis — Lerner & Co., 10 Post Office Square, Boston 9, Mass.

**Trans World Airlines, Inc.**—Bulletin—$2—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

**West Coast Life Insurance Co.**—Bulletin—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

**Western Union**—Bulletin—Dreyfus & Co., 50 Broadway, New York 4, N. Y.

**Worthington Corp.** — Memorandum — Freehling, Meyerhoff & Co., 120 South La Salle Street, Chicago 3, Ill.

## Do You Consider the Stock Market Top-Heavy? Do You Think There Is Danger of a Break?

**Norman Steelman of Philadelphia, cites factors that must be weighed in judging rise in Industrial Average since 1929.**

"The Dow-Jones Industrial average touched 350 on Aug. 2—a rise of 229 points since 1939.

"Looks high, of course, but is it?

"Moody's Index of Commodity Prices has risen from 200 in 1939 to 450—a rise of 125%. That means that it takes $2.25 to buy what a dollar would buy in 1939. To put it differently, the 1939 dollar is now worth 45 cents in purchasing power.

"Forty-five per cent of 350 is 157, so the Dow-Jones average actually has risen only 36 points above its low of 121 in 1939. The remaining 193 points merely register shrinkage in the value of money. A rise of only 36 points in the Dow-Jones average since 1939 seems very small when you consider the tremendous additions to surplus and property values of industry during the past 15 years.

"Application of this formula to individual issues produces some interesting results.

| | Closing Sale | | | Appreciation due to | |
|---|---|---|---|---|---|
| | *July 29,'39 | July 27,'54 | †July 27,'54 | Incr. Value | Inflation |
| du Pont | 40 | 136½ | 61½ | 21½ | 75 |
| General Motors | 24½ | 81 | 36½ | 12½ | 56¾ |
| General Electric | 13 | 43¾ | 19½ | 6¾ | 24¼ |
| Sears-Roebuck | 19¾ | 66 | 29¾ | 10 | 36¼ |
| U. S. Steel | 17½ | 55¼ | 24¾ | 7¼ | 30¼ |
| Westinghouse Elec. | 27¼ | 69½ | 31¼ | 4¼ | 38¼ |

*Adjusted to subsequent split-ups. †Adjusted to the 45-cent dollar.

"Apply the formula to a comparison of 1929 stock averages and price levels with 1954, and you will see that we are still a long, long way from that never to be forgotten "boom and bust."

August 3, 1954

NORMAN STEELMAN
Packard Bldg.
Philadelphia 2, Pa.

## COMING EVENTS
In Investment Field

**Aug. 7, 1954 (Chicago, Ill.)**
La Salle Street Women "career party" at the Lake Shore Club.

**Aug. 13, 1954 (Denver, Colo.)**
Bond Club of Denver-Investment Bankers Association summer frolic at the Park Hill Country Club, preceded by a Calcutta Dinner Aug. 12 at the Albany Hotel.

**Sept. 10, 1954 (Chicago, Ill.)**
Municipal Bond Club of Chicago annual outing at Knollwood Country Club, Lake Forest, Ill.

**Sept. 17, 1954 (Philadelphia, Pa.)**
Bond Club of Philadelphia 29th annual field day at the Huntington Valley Country Club, Abington, Pa.

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

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

**Sept. 27-30, 1954 (New York City)**
National Association of Securities Administrators meeting at the Hotel Roosevelt.

**Nov. 28-Dec. 3, 1954 (Hollywood, Fla.)**
Investment Bankers Association Annual Convention at the Hollywood Beach Hotel.

### Joins Merrill Lynch
(Special to The Financial Chronicle)

ATLANTA, Ga. — William E. Powell has become associated with Merrill Lynch, Pierce, Fenner & Beane, 23 Prior Street, Northeast.

### With Allan Blair Co.
(Special to The Financial Chronicle)

CHICAGO, Ill. — Robert H. Moore has become associated with Allan Blair & Company, 135 South La Salle Street.

### Joins Reynolds Co.
(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—John H. Sickel has been added to the staff of Reynolds & Co., 425 Montgomery Street.

### With Glore, Forgan
(Special to The Financial Chronicle)

CHICAGO, Ill.—Robert Gallagher and Jack D. Griffith have become associated with Glore, Forgan & Co., 135 South La Salle Street, members of the New York and Midwest Stock Exhcanges.

### Joins Mann & Gould
(Special to The Financial Chronicle)

SALEM, Mass.—Helen T. McEvoy has joined the staff of Mann & Gould, 70 Washington Street, members of the Boston Stock Exchange.

### Carr Adds to Staff
(Special to The Financial Chronicle)

DETROIT, Mich.—Donald McLeod has been added to the staff of Carr & Company, Penobscot Building, members of the Detroit Stock Exchange.

### With King Merritt
(Special to The Financial Chronicle)

DETROIT, Mich.—Clarence M. Wolverton is now with King Merrit & Company, Inc.

# Britain Fears No Disarmament Slump From Geneva Agreement

By PAUL EINZIG

**Dr. Einzig, discussing economic effects of the Geneva Agreement and the easing of tension in the Suez Canal Zone, says, in absence of a disarmament pact, there is no need to expect such a reduction of military spending that would produce a major trade recession.**

LONDON, Eng.—As far as it is possible to judge, at the time of writing, by the attitude of the Stock Exchange, the first reactions to the Geneva agreement have failed to confirm anticipations of a "peace-in-our-time boom," and also anticipations of a "disarmament slump." The markets were quietly firm, without any indication of any strong undertone. To a large degree the conclusion of an agreement has been anticipated, even though the outcome of the Conference was uncertain right up to the last 24 hours. The recent persistent firmness displayed by the Stock Exchange over a long period may be interpreted as an indication that dealers, investors and speculators took an optimistic view both on the prospects of a settlement and on the economic consequences of such a settlement. Even so, the absence of a strong immediate response after the conclusion of the agreement seems to indicate that the markets do not expect any fundamental change in either direction.

Dr. Paul Einzig

It would of course be premature to form an opinion about the question whether the provisional agreement on Indo-China will be followed by a major agreement bringing the "cold war" to an end and leading to a limitation of armaments. On the whole it seems probable that, even though the international political tension will become less acute, the free nations will not be able materially to relax their efforts to become sufficiently strong to resist any aggression. There has been nothing in the attitude of Moscow or Peking to justify hopes of disarmament on a substantial scale.

Possibly the end of the war in Indo-China, the impending evacuation of the Suez Canal Zone, and the general easing of the tension in the East, may enable the Western Powers to curtail their arms expenditure to some extent even in the absence of a disarmament pact with the Communist Bloc. There is no need to expect that such a reduction of military spending would produce a slump, or even a major trade recession. The readjustment may affect some industries unfavorably, but generally speaking it is true to say that civilian demand would be in a position to absorb an output corresponding to the curtailment of military demand.

From the point of view of the world economy it is a fortunate coincidence that the Geneva agreement should have been reached after the end of the business recession in the United States. Had such an agreement been reached six months earlier it might have accentuated the downward American business trend, and this could not have failed to produce grave repercussions well outside the borders of the United States. As it is, there seems to be no reason to expect that the consequences of the agreement would reverse the recovery that has become noticeable in American business during the last month or two.

As far as Britain is concerned, civilian purchasing power will be fully capable of employing any productive capacity that may become released from arms production. Indeed in the absence of some reduction of arms production the increasing trend of civilian purchasing power would in all probability cause a resumption of the rising trend of prices. During the last month employment has reached new high records for all time. Unemployment is down to 1% of the employable population. The wages spiral continues to rise, in spite of the stability of the cost of living during the last year or so. Bank deposits and advances continue to expand, and so does the note circulation. The government has just made yet another concession in the sphere of social services by agreeing to an increase of old age pensions. Further increases of other social service benefits are expected to be made before very long.

The combined effect of these factors is a rising trend of civilian demand. It is true, there has been an increase of the output. But its extent has fallen short of the increase of purchasing power. It would be perhaps, too much to expect in existing conditions of over-full employment that this, would be otherwise. In the circumstances a diversion of production from military to civilian goods would provide a more than welcome relief. It is virtually the only way in which the overload on the economy could be reduced to some degree.

The situation being what it is, there is no reason whatever to fear a disarmament slump, unless there should be a material decline of exports. From this point of view the present position and the immediate outlook is by no means unfavorable. During the first half of 1954 exports were well maintained, in spite of increased competition. An all-round reduction of the rearmament effort would mean some losses of orders for warplanes and other war material, but the amounts involved would not be sufficiently large to make a fundamental difference.

It remains, however, to be seen whether a relaxation of the arms drive would affect the prices of raw materials. A slump in raw materials would produce grave repercussions, to begin with in the raw material producing countries, and subsequently in industrial countries. For this reason it is of the utmost importance that stockpiling should be well maintained in spite of any decline in immediate requirements of strategic materials. It would be of no use if higher wages and social service benefits bolstered up domestic demand for manufactures while a slump in raw material prices reduced the purchasing power of underdeveloped countries. This seems to be the most vulnerable point in the situation, especially as a slump in backward countries would provide Russia and China with an opportunity for fishing in troubled waters.

For this reason it would be a grave mistake if the briskness of domestic demand were to lull the Western Governments into a feeling of complacency about the possible economic consequences of the Geneva agreement. Due attention should be paid to the means by which a slump in raw material prices should be avoided by timely measures.

Needless to say, the country which stands to benefit economically from the cessation of hostilities is France. Having had to bear the burden of a war from eight years, at a cost far beyond her means, it will be a great relief to be able to reduce military expenditure. It may make an appreciable difference to France's economic and financial position. The cost of the war in Indo-China has been one of the main reasons why France has been unable to solve her budgetary problem since the end of this World War. Her perennial deficit has been the main cause of the inherent weakness of the franc, and of the instability of the French Governments. A return of political, budgetary and monetary stability would provide the French nation with an opportunity to prove to the world its remarkable recouperative power. On more than one occasion in the lifetime of our generation France staged a remarkable recovery within a very brief space of time. There is hope, therefore, that once more France will discard the undignified role of the "sick man of Europe" and will recover the role to which she is entitled by virtue of her great past and of the eminent qualities of her people. It might alter the entire balance of power in Europe if France became once more an economically and politically strong and stable country.

## Firm Name Now Is Fairman, Harris Co.

CHICAGO, Ill.—Sills, Fairman & Harris, Inc., 209 South La Salle Street, has purchased a membership on the New York Stock Exchange and changed its name to Fairman, Harris & Company, Inc., D. J. Harris, President, announced. Mr. Harris said there will be no change in personnel. The company has been a member of the Midwest Stock Exchange since 1936.

## Frank Sassa Joins Laurence Frazier Co.

Laurence Frazier & Co., 19 Rector Street, New York City, dealers in over-the-counter securities, have announced that Frank Sassa has become associated with the firm. Mr. Sassa was previously with W. E. Hutton & Co.

### With Wagenseller Durst

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Joseph K. Groene has joined the staff of Wagenseller & Durst, Inc., 626 South Spring Street, members of the Los Angeles Stock Exchange.

## Kansas Turnpike Issue Scheduled to Reach Market in October

Gov. Edward F. Arn and four members of the Kansas Turnpike Authority, met in New York on July 29 with Smith, Barney & Co., The First Boston Corporation and Beecroft, Cole & Company, managers of the Kansas Turnpike bond issue, and Mitchell & Pershing, New York bond counsel, and the engineering firms of Coverdale & Colpitts and Howard, Needles, Tammen & Bergendoff to discuss details of the proposed Kansas Turnpike bond issue. The meeting was of an informational nature, including the exchange of ideas and suggestions to be considered in final determination of items leading to a bond sale. Final engineering reports are expected during August, with public offering of the issue anticipated for early October, 1954. This was the first of a proposed series of joint meetings of a similar nature. Kansas Turnpike Authority members attending the meeting were Gale Moss, Chairman; O. W. Davis, Vice-Chairman; Byron Gourley, Secretary-Treasurer, and Will Townsley.

### Richard Harrison Adds

(Special to The Financial Chronicle)

SACRAMENTO, Calif.—Ephraim T. Duvall has been added to the staff of Richard A. Harrison, 2200 16th Street. Mr. Duvall was previously with Mutual Fund Associates.

## Shearson, Hammill Co. Branch in San Antonio

SAN ANTONIO, Texas—Shearson, Hammill & Co., members of the New York Stock Exchange and other principal exchanges has announced the opening of a new office in San Antonio, Texas, at 117 East Travis Street. John O. Dix will manage the new office, which will be Shearson Hammill's third branch in the State of Texas. Mr. Dix was formerly with Merrill Lynch, Pierce, Fenner & Beane.

## F. O. Crawford V.-P. Of Gregory & Son

F. Oakley Crawford has been elected Vice-President and Treasurer of Gregory & Son, Incorporated, 40 Wall Street, New York City, it was announced by George M. Gregory, President. Mr. Crawford joined the investment firm, when it was founded in 1935 as Cashier and Office Manager. He was elected a Director and Secretary-Treasurer in 1943.

### Ryerson Douglas Opens

Ryerson Douglas is engaging in a securities business from offices at 30 Pine Street, New York City.

### Joins Sutro Staff

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Armin Degener has been added to the staff of Sutro & Co., Van Nuys Building.

# Store Locations—Uptown, Downtown, Out-of-Town

**Store planners stress importance of healthy business area; with well-planned shopping center being impregnable against future competition. Marshall Field executive maintains there will have to be a great deal more change than is now under way, to destroy central city locations. Management as well as location are emphasized.**

Lawrence Sizer; A. C. Huffman; Victor Gruen; Arthur Rubloff

*There follows summary of a press conference at the International Home Furnishings Market, the Merchandise Mart, Chicago, Ill., June 23, 1954:*

**By VICTOR GRUEN**
**Store Designer**
**Member, American Institute of Architects**

It doesn't make any difference whether a furniture store settles in the suburbs, or downtown, as long as it establishes itself in a healthy, stable and well planned shopping area. An area can obviously only be healthy, stable and well planned if it is easily accessible to many shoppers, if it is located in an area of great demand for home furnishings, if there is sufficient parking space, and if the general shopping atmosphere is a pleasant one. Such healthy shopping areas can exist downtown, just as well as uptown and just as well in the suburbs.

It is true that there are many downtown areas which do not measure up to these principles because most of our downtown areas were planned during the horse and buggy days, but it is as true that many of the suburban shopping areas do not measure up to these specifications because most of them have not been planned at all—but just grew up topsy-turvy.

Our entire retail plant, both downtown and suburban, needs overhauling, and until we succeed in catching up with the growth of four cities and with the mechanization of our life, it will be hard to find ideal locations. That housing overhauling can take place is demonstrated by the handful of planned, regional shopping centers which, during the last years, have been constructed in different parts of the country. I am using here the expression "planned shopping center" in order to differentiate between the much misused word "shopping center" and something which I feel really constitutes a shopping center.

In this planned regional center an attempt has been made with varying success to establish the right climate for the retailer, as well as for the shopper.

My firm designed Northland Center which, after three years of planning and construction, was opened in Detroit of March this year. There are three large furniture stores, besides quite a number of home furnishing stores of every type in Northland Center. One is J. L. Hudson, whose home furnishings alone cover 40,000 square feet. The second is Robinson Furniture Company, and the third one is Inlander Furniture Company.

These two stores covered, together, 55,000 square feet of floor space. Both of these furniture stores in Northland are what I call "iceberg" stores. An iceberg is a little above the water level but very huge below. The two furniture stores work according to the same principle—only about 12,000 square feet are on the main level; the other 43,000 square feet are on a lower level, or, if you want to be honest, in the basement. In both cases there is a huge well and a grand stairway leading the eye, as well as the traffic, downstairs. The impression of a basement level is completely eliminated. After a few minutes customers forget that they have walked downstairs, and ask, when leaving, where the stair down is, because they believe to be on a second floor. The reason for the iceberg arrangement is a very obvious one. Basements are, to the large planned shopping center, what side streets are to the downtown areas.

Furniture stores, and other stores, in the home furnishings field, with comparatively low sales figures per square foot, cannot afford to rent main street space. But by giving them some first floor area right on the main pedestrian traffic stream, they are put in a much better position than the downtown store which locates on a side street, as they are exposed, have show windows and entrance doors to the largest pedestrian traffic density. They are partaking of the traffic of the best locations to the same degree as other stores.

Sales figures of both stores are much, much higher than expected, and they get a lot of walk-in traffic.

The principle which I would subscribe as the ideal solution is to be located with your entrance and your show windows in a dense traffic area of a healthy, stable, well planned shopping center area, to locate the major portion of this store for rental reason either on a lower level, on a second floor, and on easily accessible portion of the main floor. Whether such a well planned shopping area is located uptown, downtown, highways or suburban seems immaterial to me.

### Well-Planned Center the Crux

If the insurance companies will study the questions seriously and will come to the conclusion that they should invest their money in well planned centers, rather than in fewer ones but in better ones, they will help the situation in a number of ways. They will, by doing so, fortify their own investment situation downtown because it will eliminate cheap competition in the suburbs for the stores which are existing downtown and in which they have heavy investments. Obviously, if somebody is permitted to build shanty town after shanty town in the suburbs, they will have tenants in there who will be able to sell at much lower prices than the established merchants downtown. And because those shopping areas, those shanty towns are unstable, they will further force merchants to sell cheaper because their business is so marginal, in order to stay alive they will have to live from one sale to another.

In contrast to that, a good shopping center is a costly proposition. It is just about as costly as the building of a good downtown facility, and therefore it does not become any more the question of competition of cheap, cut-rate suburban trade against higher priced material, because of rental conditions of downtown trade, but only a question of location.

I hope that the people who lend the money will learn by experience and by looking around that it pays to do good planning.

Home furnishings stores should go into any healthy business area. The planned shopping center, of regional dimensions, has one great advantage over "going alone." It is impregnable against future competition. It constitutes such a force, such a drawing power that others will not dare to establish themselves nearby without thinking it over very long and very well.

Within a home center, within a center which is catering to all needs of the home maker on a very broad scale, with competition for each one of the merchants, there is planned competition among stores. That is the advantage of the shopping center over the lone-goer, because shopping means comparing of price, style and quality where it is not possible for the lone-goer.

We visualize now that we might be able to build home centers which will serve the home furnishings industry only, but which will establish strong drawing cards, strong magnets, built especially for the home furnishings field.

* * *

**By LAWRENCE B. SIZER**
**Vice-President, Marshall Field & Company**

The desire to move out and away from the crowded urban center generates one of today's most impressive socio-economic revolutions. The great migration was foreshadowed when Henry Ford began to build low priced autos by the millions. It really began after World War I, and reached full momentum after World War II.

It presents a wide range of problems — and among other things, offers downtown retailers of every sort a whole new set of opportunities.

Retailers who have faced the situation squarely and fully, see in the situation a challenge—and not a mortal threat. This is so because this outward movement from urban centers has created brand new, previously non-existant merchandising opportunities. New communities have been created and old ones have increased.

Although it is true that the rates of growth in suburban areas have greatly outstripped the cities, still the cities themselves continue to grow in size and buying power.

There will have to be a great deal more change than is now under way, or can be anticipated, to destroy or seriously damage our central city. Mankind of necessity transacts his business in a close-knit, highly integrated community. In America this community expands vertically rather than horizontally, and emphasizes the point that people who do business together want to headquarter close to each other. This very real need created our cities in the first place; it still exists.

So we have two sets of strong human needs pulling in opposite directions. The outward pull from central city is currently very strong but it is unwise to forget that a vigorous counter-pull works continually to draw people toward the central city—whether they live there or live elsewhere and work there.

Chicago's downtown merchants are virtually unanimous in reflecting this viewpoint. Without exception, major State Street stores, operate suburban units—some of them as old as 25 years, and many ten years old or more. Virtually, without exception, they plan increases in both the number and size of their outlying units.

At the same time, some $60 million have been spent since the war by retailers for capital improvements in the stores on State Street. These merchants (like their counterparts in most large cities) have accepted the challenge and the opportunity for expanding facilities to serve their community better.

The department store (which is really many stores under one roof) is essentially an American phenomenon, and it grew in answer to the customer's needs for such a service. As the customer's wants expand, so the retailer expands. He reverses his own process of centralization which began about a century ago, and decentralizes along with his customers. Where they go, he goes; what they want, he supplies.

The successful merchant has always been zealous to anticipate and reflect his customer's desires. Today he does it on two fronts: the central city and the suburban area. The only new thing about all this is his increased opportunity to serve more customers and serve them better.

* * *

**By A. C. HUFFMAN**
**President, Huffman & Boyle Company, Inc.**
**(Operating four stores in New Jersey and one in New York)**

Certain localities, certain areas of the country and certain determining factors, in our opinion, pretty much control the success or the failure of a shopping center. What I mean by a failure is the unexpectant turn, where they have been over-rated and have not produced the desired volume of business that they should have.

In our particular area, we are on the edge of a very heavily populated part of the country. The families have changed their pattern of living, getting out in the country—the automobile, the open highways, the ease in which people live, the casualness in which they prefer to live, if they can get to it.

A shopping center, to be successful, must be planned around the building of an institution and not just running stores.

The term "highway stores" tends to have people believe that they deal mainly with transit trade. An outlying store, whether it be located on the highway or on the edge of town in a shopping center, must depend fully on the population that it can draw from within a radius of approximately 10 miles. Although we are on a highway, our key areas are all within this radius. We get very few over-the-road customers.

In the beginning, there was a tendency for customers to question our operation only because it was one of the first to be located on a highway. However, as time went on we found that people came to us because of the accessibility, parking area, the ease with which we are able to conduct our business as compared to a main street location where people could be popping in just to look around. We find that a great percentage of our customers who come into our store actually purchase in the home furnishing field through the years. This would be different from other merchandise, such as foods, and so forth.

Our opinion also is that this type of store should be kept, where possible, to a one floor layout where all of the merchandise carried can be seen through browsing. We are against two floors and basement settings. It is necessary also that you have proper parking facilities. Landscaping should be given consideration.

If these factors are carried out, and you have studied the kind of merchandise your area desires, there is no question but that customers will do business with you, away from the congested tensions that are present at the in-town operations.

Before selecting the location for suburban or shopping center store in the home furnishings field, a careful study must be made to determine the buying habits of the people in the area, and merchandise should be selected to cover this group. Many times their ideas on furniture are completely different from the in-town buyers. There are many extra dollars that can be picked up if we know what goods are in the minds of the people we are trying to sell.

* * *

**By ARTHUR RUBLOFF**
**Chairman, Arthur Rubloff & Company**
**(A real estate firm)**

The successful operation of any retail establishment, whether it be home furnishings or any other type of retailing, is dependent on two fundamental factors (1) location and (2) management. While there are always some exceptions to the rule, there is no substitution for a proper location.

The quality or type of any merchandise is determined by the income level of the people within any trade area. The merchant would best serve his interests by giving the closest study to the buying habits of people in any location in which he desires to establish himself. Two important factors to be considered in deciding upon a location are the proven spendable income within the trading area and the accessibility of transportation thereto.

While in the prime or 100% locations foot traffic is looked upon as the principal means of attracting business, the buying habits of those who are patronizing shopping centers are completely different. The buying habits as they relate to shopping centers in comparison with 100% or already established business sections, are different in that shopping centers appeal to those who shop by automobile and where ample parking facilities have been lacking in most established business areas.

Prior to the advent of the shopping center, a merchant wishing to choose a location in an already established business section was influenced largely by the business firms situated therein. In many cases little consideration was given to spendable income, the trading area, transportation, parking facilities or other factors. The merchants judgment was influenced largely by the other merchants, both chain and independent, who then comprised the business section of a particular area or city.

A great deal of additional responsibility is placed on the merchant in his selection of a location in a shopping center. As a practical matter he must or should determine the following:

(1) The proven need for the facility.

(2) The proven spendable income within the trading area to support it.

(3) The overall type of tenant and the proper coordination of lines which assure the draw and the success of the development.

(4) The accessibility from highways, assuring a satisfactory flow of vehicular traffic.

(5) Proper provisions for ample free parking facilities.

(6) The possibility of competition from close by already established business areas, and equally important, the threat of new competing areas which may be built. More stores, whether individual or grouped for form shopping centers or strip developments, competitive to already established business areas, obviously will tap the spendable income supporting these business sections, and the end result is a division of sales which ultimately will support neither.

(7) The financial stability and know-how of the management behind the shopping center development.

(8) Whether or not his type of merchandise or inventory is suited to the income levels and buying habits of the customers within the trading area he will serve.

In Metropolitan Chicago we have the highest intensified system of retailing spread throughout residential areas of any city in the country—103 outlying business sections are established here—84 of which develop sales ranging from $8,000,000 to $153,000,000 per year. Our Loop or downtown area generates a volume of business approximated $700,000,000. Despite the fact that Chicago and its environs is perhaps one of the most difficult cities in America in which to build regional shopping centers or strip development, there are in the planning or conversational stage, some 30 such projects.

If these 30 centers all become a reality, the spendable income supporting the already established business sections will be siphoned off considerably. While some may survive the competition, others will be affected with disastrous economic results. This could destroy the value of much real estate within the established areas as well as the financial collapse of many of these contemplated developments.

A well planned, well located, modern regional shopping center is an extremely expensive means of producing retailing facilities.

It is no longer possible to build a single building with no thought to the convenience of your customer until they are within your premises. In a modern shopping center the tenants have joined together in providing ample convenient free parking space, and pleasant and attractive surroundings for the convenience and pleasure of their customers.

The design of the center must take into consideration the needs of the tenants not only from the customer's point of view, but shipping and storage facilities, overall design and appearance and many other features too numerous to mention. A great deal of thought and careful planning must be devoted to the layout so that each tenant will have a suitable location for his particular type of merchandise and his needs.

Those who are in the home furnishing field require a substantial amount of area in which to properly display their merchandise. With the cost of modern construction and the other conveniences provided in the shopping center, any large area in a shopping center will be costly so far as rent is concerned unless a substantial amount of volume can be realized per square foot of area. Because of the needs of this type of merchant, one of the most practical solutions have been to provide a moderate amount of first floor area with a large amount of space in the basement or lower level in conjunction with the first floor. In this way a more moderate rental can be obtained and still give the tenant adequate areas for his requirements.

Shopping center traffic, if the development is properly planned, is highly concentrated. The stores in the highest traffic areas command high guaranteed rentals and are usually occupied by tenants who must have the traffic to survive. In the case of a merchant in the home furnishing line, they must be accessible but need not be in the midst of these high traffic areas.

The insurance companies today have $1 billion, $700 million of prime real estate locations in all the Broadways and Main Streets of America. They either own this property on their own, for their own investment, or own it as a mortgagee, or hold title as a mortgagee, which means if they loan the owner of the property the money they continue to finance unwarranted real estate developments. This country was never more over-stored commercially than it is today. I think we are headed for one of the best "busts" we have ever had. There is just so much spendable income in this country, just so many spendable dollars. When there aren't enough spendable dollars to go around, to support everybody, what happens?

The insurance companies cannot continue to finance unwarranted real estate developments and expect to maintain the fantastic, astronomical investments they have in already established business areas. Something has just got to give.

## S. G. Barrett Opens

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Stanley G. Barrett is engaging in a securities business from offices at 1735 East Fourteenth Avenue. He was formerly with Investment Service Corporation.

# Spending Rise Urged by New Conference Group

**Dissatisfied with recent "leveling-off" of business activity, and asserting need of production expansion to avoid excessive slack, the Conference on Economic Progress urges increase in Government outlays of $3 billion, further $4½ billion reduction in taxes on lower income consumers, creation of wider markets for farm surpluses, wage increases, selected price adjustments, expanded social security, enlarged housing program, and inducement to overseas investment.**

Stepped-up Government spending, tax reduction, and other measures to achieve a $600 billion economy by 1960 are urged by the Conference on Economic Progress, a newly formed non-profit, non-political group engaged in economic research and education. As contained in its first study for public distribution, entitled "Toward Full Employment and Full Production," with a sub-caption, "How to End Our National Economic Deficits," its findings may be summarized as follows:

Leon Keyserling

"Due to the recession starting in mid-1953, our total output is now at an annual rate at least $27 billion below the full production level. The true level of total unemployment — including reduced hours of work and unrecorded 'temporary' unemployment — is now equivalent to full-time unemployment of about 5 million.

"The irregular 'leveling-off' of recent weeks is not good enough. The average worker's output per man-hour is increasing. The labor force is growing. Thus total production must expand steadily to avoid excessive slack. If total output in the first quarter of next year were to be no higher than in the first quarter of this year (which was about $2 billion above the second quarter), the annual rate of output by early 1955 would be at least $37 billion below the full production level. The true level of unemployment in that event might be near 7 million. Hence, we need to raise the annual rate of total output by at least $39 billion by early next year. We need by then the equivalent of 4½ million additional full-time jobs to reduce the true level of unemployment from 5 to 1½ million and to absorb 1 million new workers.

### Stimulants to Consumer Buying

"An increase in Government outlays by about $3 billion to meet gaps in our defense or domestic programs, and a further $4½ billion reduction in taxes now imposed on lower income consumers, would powerfully stimulate business investment and consumer buying. Even so, the Federal deficit in a full economy would be smaller than now. Additional steps to lift consumer buying by about $20 billion include: Improved farm income through creating wider markets for 'surpluses'; wage increases and a higher minimum wage base; selective price adjustments; and expanded social security. Business investment, which would benefit from expanding consumption and from some tax changes already made, should be further stimulated by a housing program aimed at 2 million new homes a year, and by inducements to overseas investment.

"We must register year by year a minimum annual growth rate of 4.2% in total output to maintain a full economy except insofar as we increase leisure. This would lift our total annual product to $500 billion by the end of 1960, raise the average standard of living by about 35%, and eliminate mass poverty. We could, with somewhat slower domestic progress, greatly enlarge our defenses against the Communist menace and extend more economic assistance to underdeveloped parts of the free world.

"But our tasks and prospects may well be far greater. The average annual rate of productivity increase during the three years preceding the 1953-54 recession has been calculated at about 5½%, and the average annual expansion of total output at about 7%. This contrasts with 3⅓% and 4⅓%, respectively, for the seven years preceding the recession; and 2¾% and 3%, respectively, from 1929 through 1953. Even allowing for uncertainties in such calculations, we may need to expand total output by as much as 6½% a year to avoid idle manpower and other wasted resources. This could bring us close to a $600 billion economy by the end of 1960."*

### Keyserling the Study's Director

The staff work in connection with this first study, directed by Leon H. Keyserling, has benefited by an *ad hoc* Technical Advisory Committee, including: John A. Baker, Wallace J. Campbell, Seymour E. Harris, Roy F. Hendrickson, Robert A. Rennie, Stanley H. Ruttenberg, Boris Shishkin, Elmer E. Walker, and Nat Weinberg.

The *ad hoc* National Committee of the Conference, for the purpose of the first study, includes Morris Llewellyn Cooke, construction engineer, former Administrator, Rural Electrification Administration; William H. Davis, attorney, former Director, Office of Economic Stabilization; Abraham Feinberg, Chairman, Julius Kayser Co.; Richard H. Frost, Executive Vice-President, National Pneumatic Co.; A. J. Hayes, President, International Association of Machinists, Vice-President and member Executive Council, American Federation of Labor; J. M. Kaplan, President, Welch Grape Juice Co.; Leon H. Keyserling, economist, former Chairman, President's Council of Economic Advisers; Murray D. Lincoln, President, Farm Bureau Insurance Companies; James G. Patton, President, National Farmers Union; Miles Pennybacker, President, Voltarc Tubes Inc.; Walter P. Reuther, President, Congress of Industrial Organizations; Marvin Rosenberg, Chairman, Cameo Curtains Inc.; E. G. Shinner, merchant and banker, Chairman, Shinner Foundation; M. W. Thatcher, President, National Federation of Grain Co-ops.

*Copies of the full report may be obtained from the Conference on Economic Progress, 1001 Connecticut Ave., N. W., Washington 6, D. C. (Price 25 cents).

# News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

**The Chase National Bank of New York** on Aug. 5 sent letters to 3,800 banks in the United States which it serves as a New York correspondent reminding them of its willingness to assist them on request in taking care of demands for bank credit in their local communities. The letter points out that Chase currently has commitments of about $110,000,000 arranged at the request of correspondent banks for financing local enterprises, predominantly of the "small business" variety.

Commenting on the bank's action the Chase Chairman, John J. McCloy, said that "in talking with bankers in various sections of the country we find most of them agree there will be a rising demand for loans during the coming months. This situation presents a responsibility as well as an opportunity for commercial banks to lend money in constructive and useful ways."

Emphasizing the particular importance of lending to "small business," the concluding paragraph of the Chase letter to correspondent banks says "As you doubtless know, there has been some criticism that the commercial banks have not been taking adequate care of the needs of small business. We believe that the banks of our country are meeting those needs, and we are anxious to do our full part wherever we can be helpful.

* * *

The appointment of Peter White as a Vice-President of **Manufacturers Trust Company of New York** was announced on Aug. 5 by Horace C. Flanigan, President.

Mr. White had been with Manufacturers Trust from 1926 to 1945. He returns after six years with another company.

Mr. White will be assigned to the bank's Main Office at 55 Broad Street.

* * *

Inauguration of a new "Register Check" personal money order service was announced on Aug. 2 by **The National City Bank of New York.** All of the 71 branches of the Bank in New York City will sell these checks at a nominal cost of 15c each on face amounts up to $250. No application forms are required and checks carry the buyer's own signature.

William P. Worthington, President of The Home Life Insurance Company, has been elected a Director of **The Corn Exchange Bank Trust Company, N. Y.** the bank announced on July 28.

* * *

Statistics show that the **Franklin National Bank of Franklin Square, N. Y.** now ranks No. 98 in size among the more than 14,000 commercial banks in the country.

Not only is the Franklin National Bank the largest independent commercial bank on Long Island, but it is now a member of the first hundred in size in the nation. This reflects the growth of the Long Island area in industry, construction, commerce and service trades. It continues to bear out the statistics that Long Island is one of the fastest growing areas in the United States.

* * *

**The Lindenhurst Bank, Lindenhurst, N. Y.** received approval on July 29 from the Banking Department of the State of New York to increase its capital stock from $100,000, consisting of 1,000 shares of the par value of $100 per share, to $250,000 consisting of 2,500 shares of the same par value.

* * *

Approval was given on July 28 by the Banking Department of the State of New York to the **Long Island Trust Company, Garden City, N. Y.** to increase its capital stock from $885,000 consisting of 88,500 shares of $10 par value per share to $1,000,000 consisting of 100,000 shares of the same par value.

* * *

Ratification of the joint plan of merger of **The Colonial Trust Company, Pittsburgh, Pa.** and the **Fidelity Trust Company, Pittsburgh, Pa.** by shareholders of each institution on July 29, was announced by John A. Byerly, President of Fidelity and C. A. McClintock, President of Colonial.

The merger proposal has been submitted to the Pennsylvania Department of Banking for its approval. The merged banks will be known as Fidelity Trust Company. The bank will rank second in total trust funds and third in deposits of all banks in Western Pennsylvania.

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

It is contemplated that the merger will become effective at the close of business Aug. 6, 1954.

A previous announcement on the merger was given in these columns on page 332 of the July 22 issue of the "Chronicle."

* * *

**The Fidelity Trust Company, Baltimore, Md.** with common stock of $2,440,000, and **Baltimore National Bank, Baltimore, Md.,** with common stock of $1,250,000 consolidated under the charter of Baltimore National Bank and new title **Fidelity-Baltimore National Bank & Trust Company, Baltimore, Md.,** effective, July 16. The former main office and the 13 branches formerly operated by The Fidelity Trust Company, 11 in Baltimore, one at Friendship International Airport, five miles from Baltimore and one in Towson, will be operated as branches by Fidelity-Baltimore National Bank & Trust Company.

At the effective date of consolidation the consolidated bank will have capital stock of $3,000,000; divided into 300,000 shares of common stock of the par value of $10 each; surplus of $10,000,000; and undivided profits of not less than $1,111,806.

* * *

The common capital stock of the **First National Bank of Arlington, Va.** was increased from $300,000 to $600,000 by sale of new stock effective July 21.

* * *

By a stock dividend effective July 20, **The Union National Bank of Youngstown, Ohio,** increased its common capital stock from $1,250,000 to $2,500,000.

* * *

The **First National Bank of Cicero, Ill.,** increased its common capital stock from $350,000 to $525,000 by a stock dividend effective July 19.

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**First National Bank in St. Louis, Missouri,** announced on Aug. 2 the appointment of Richard S. McNeill as an Assistant Cashier in the Bank's Credit Department.

Mr. McNeill began his banking career with First National in 1937.

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Harry J. Nutt, Assistant Manager of the Seattle Office of **The Bank of California, N. A., San Francisco, Calif.,** retired in accordance with the bank's retirement plan on July 31, 1954, after serving the bank continuously for 42 years. He was employed on Aug. 5, 1912 and served successively in all departments of the bank until his appointment as Assistant Manager on July 11, 1944.

Upon retirement, he will leave with Mrs. Nutt on a several months tour of the British Isles and the continent of Europe.

## With Mutual Fund Assoc.

(Special to THE FINANCIAL CHRONICLE)

STOCKTON, Calif. — H. W. Borrow and Edward L. Lowe are now with Mutual Fund Associates.

## With Daniel Weston

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Cal.—James W. Lynch has become associated with Daniel D. Weston, 1191 North Bundy Drive. He was formerly with Waldron & Co.

## With Halbert, Hargrove

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, Calif. — Helen Dawson and Gordon D. Robbins have joined the staff of Halbert, Hargrove & Co., 115 Pine Avenue.

## Two With Investors Realty

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Balie P. Legare and Francis J. O'Brien have joined the staff of Investors Realty Fund, Inc. Mr. Lagare was formerly with Marache Dofflemyre & Co.



*Continued from first page*

# A New Period of Economic Growth Is About to Begin

declining, retail sales were beginning to show the effect of changed times, the work week was beginning to show trouble. There was, quite naturally, a good deal of concern with stability. But throughout that whole Economic Report is a great and driving concern that the potentials for American economic advancement be realized. In that grand project, obviously, the Federal Government has a role to play, but as in all of these matters, it doesn't have the whole governmental role to play by any means.

We who have worked with these problems and have tried to help the President along at the staff level are fundamentally persuaded that a period of economic growth is about to begin. We think that we have about negotiated the difficult and awkward adjustment period during which the President was required to guide the American economy back off an inflationary war and postwar precipice, through the rough ground of transition that had to be traversed in order that we could once again resume our healthy economic advance. We think that has pretty well been accomplished, and we think that, marked against the yardstick of history under such postwar circumstances, it has been a remarkably moderate adjustment for the American people and the American economy.

Needless to say, we do not rejoice that the unemployment figures today are two million above what they were a year ago. But we do rejoice that we have not had to go through the typical historical experience of mass liquidation after a war inflation with its widespread foreclosures, its mass unemployment and all the other debilitating consequences. We have been able to make this adjustment with reasonable cost to our nation, harsh as it has been to particular individuals. Now we are prepared to resume our economic growth again.

### Basic Conditions for Confidence

I think there are four basic conditions that can give us confidence in the longer-run development of our country.

**First,** there is the point that the Vice-President spoke about—the thrust which population growth gives to the whole economic picture.

**Second,** there is the technological revolution which is going on at an astounding rate in the laboratories in this country. Last year we spent $4 billion on research and development in the United States, and of this the Federal Government was responsible for half. We believe that is an intelligent way to stimulate economic growth and development and I think that this Administration will continue to play its part in that respect in the future.

A **third** factor that prompts an optimistic outlook with respect to economic growth in this country is the impulse in Americans to what I might call "more and better." This fact provides a great fertile field for American industry and business to exploit.

**Fourth,** I think we have finally succeeded in breaking the thrall that settled in upon some of us during the decade-long depression of the '30s, that somehow our economy did not have within it the regenerative forces to employ the labor and the capital of this country at reasonably high levels of use. I think that more and more Americans now are coming to the conclusion that we need not and will not have another depression, that our problem is rather one of so conducting our affairs that we can hold fluctuations about a growth curve within an acceptable range. I think the chances are excellent that we can do just that.

There is no reason why, over the next five years, the real production of this country — gross national product measured in terms of constant dollars—should not get up into the area of $440 to $450 billion.

### Government Policy

Now, what about government policy?

As a result of the Employment Act of 1946, in which the Congress declared it to be a national purpose to create those conditions in which high employment was stimulated and maintained, we have had a great deal of thinking, constructive thinking, as to how the Federal Government can best and most effectively touch the private economy. It is not something you can or should do with sledgehammer blows. The kind of private economy we have in this country is a most extraordinary mechanism. The incentives that guide it, the responses it makes to restrictions, are delicate matters, and government must move with due regard for that basic sensitivity of our economic system.

If we are going to have an enterprise economy, we have to release enterprise. If we do not do so, we are going to be concerned with finding ways to make up what we are not getting from the enterprise system, and that will lead, in the end, to a system unrecognizable from what we think we want. Therefore, a purpose of government must be to remove, wherever possible—and to avoid adding — hampering restrictions upon the release of enterprise in individuals.

We believe that our tax system, our system of regulations and controls, should be such as to achieve their purposes without preventing the release of this personal enterprise which is the heart of the enterprise system. Nobody has found any solution for the spark that comes from allowing people to put things together which other people want to buy.

Also, if our kind of system is going to work, there must be equality of opportunity. That is another aspect of removing hampering restrictions. That means in education, that means in jobs, that means in every area where a man or woman who has something to contribute, he or she will be given a chance to do it.

Further, I think that government at various levels has, in the words of the President, a responsibility to help construct a sturdy floor over the pit of personal disaster. As I said to you when you were in conference in Washington recently, this economy is not going to get productive, efficient, buoyant members of the labor force if people are concerned primarily with how they are going to protect themselves when they lose their jobs, with how they are going to protect themselves wholly on their own resources. Therefore, we have programs at all levels of government that are sound economically—quite apart from the humanitarian reasons which also support these programs—because they give us the kind of people participating in our economic system who will risk and take a chance for the future ahead.

Finally, our kind of economic system is one that must create opportunity if it is to survive.

Now there are two ideas about economic growth that I find as I look at opinion today. One is that growth at a maximum rate must bea chieved at any cost and the cost usually is represented by a massive intervention by the Federal Government, with resultant inflation and unacceptable regimentation.

We hear today that it is a crime if the economy does not operate right up to its maximum pitch every month, every quarter, every semi-annum, every year. In other words, our goal should be not only virtually to abolish severe business cycles, which I think we can, but also to abolish every little wrinkle in the curve of business activity as it sweeps upward and onward to greater and higher goals.

I'd love that, of course, but as I analyze this doctrine, which is presented in very attractive form in terms of a maximum rate of increase in the gross national product per year—with intervention by the Federal Government on whatever scale and in whatever manner is necessary to achieve it—I conclude it is something that we had better study carefully, to check its validity and to see what the costs are.

I think the costs would be very great in terms of inflation, in terms of increased regulation in our economy, and that ultimately it would be self-defeating. In all economic history I do not know of any economy which has been successfully stimulated by injections through the budget over a sustained period of time. I think it simply will not work. In Europe today I think we see a steady abandonment of that doctrine. Rather, I believe that the full employment doctrine has become a more sensible, moderate concept, holding that government has a responsibility to try to create those conditions where these wrinkles in the business curve—as we go upward in higher levels of production, output and income—will be held to a minimum. But as long as decisions are made in an enterprise economy, freely, by entrepreneurs and workers, I think it is a dangerous illusion to suggest that we can eliminate completely the minor swings that reflect the free decision-making process.

There is an alternative to that idea of how to stimulate economic growth. It calls upon government to create a set of conditions permitting a maximum release of the potential enterprise within our system and to use government to build up a supporting structure so that fluctuations of the economy can be held within a small range.

I think that the fluctuations we have had recently—the sharp recession of 1937-38, the recession of 1947-48, the recession or adjustment, or whatever you want to call it, that we have had since the middle of 1953—indicate a possible progression away from the severe shocks that have shaken our economy in the past. There may be underway a progression toward much more moderate fluctuations, so that if we arrange our affairs correctly, we can handle them with a minimum and an acceptable amount of discommotion in our economy and to our citizens.

**The Retreat from July '53 Has Been Stopped**

Where do we stand now? Today we have reached a position, I think, where the retreat from July of '53 has been stopped, where there is a reorganization going on, where the economy is catching its breath for a new advance.

I think the employment figures for June and the failure of unemployment to increase are heartening. The lengthening of the work week is an encouraging factor, because it usually precedes an improved reemployment rate. The strength of retail buying in June should not be lost upon us. I think the possibility of the savings rate being adjusted downward somewhat — in support of larger spending by consumers out of given incomes—is something to watch. I think that the shrinkage from 18% between May and June in the hard core of unemployed, those who are unemployed over 15 weeks, is a significant item.

What the stock market is telling us, the stability of consumer prices, the stopping of the decline in gross national product, the recent rise in industrial output, the continued improvement in average hourly earnings and average weekly earnings, the healthier situation with respect to inventories, availability of the money and credit, the high level of construction contracts awarded, I think these are solid facts on which we can conclude that the retreat, the settling out, the readjustment, the recession, whatever you want to call it, has stopped, that we have beaten the spiral process and that now there is every chance that we can go forward.

I would say that on the negative side of the picture we have certain facts that we have got to keep definitely in mind. We have got to keep cost-price relationships in mind. We've got to get our agricultural situation in shape, we've got to get that program cleaned up and get it on a healthy basis so that it is not a threat to the economy.

I think we've got to pay as much attention as we possibly can, to be as helpful as we can, to certain large industry areas which are undergoing a combination of cyclical and secular difficulties. I think that all of these things have to get very careful attention.

I think the economic program of the President which is now moving through the Congress, will make a very great contribution to the future potential growth of our economy.

Tax revision, the farm program, social security, housing, slum clearance, unemployment insurance, the St. Lawrence Seaway, the potential expansion in road construction, all these things that are part of the President's program have billions of economic stimulus in them. They will become effective in due course soon after the Congress has acted.

These are things that the Federal Government is thinking about and is trying to accomplish, but, as I said in opening, the Federal Government and the way it touches the economy is only part of the story. As I understand it, the meeting here this morning is devoted to an examination of how the states, in their activities can most effectively contribute to this economic growth. These activities include taxes, public works, the way in which regulatory authorities conduct their business, and the attack on problems of particular industries. I hope that in the course of this morning's discussion a good deal of progress can be made in analyzing these issues. If there is any aspect of any of them that can be considered helpfully by any of us down in Washington, I will certainly be most happy to try to carry the word back and see what we can contribute in any way at all.

## With Carroll, Kirchner

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Harry W. Nichoalds, Jr. is now with Carroll, Kirchner & Jaquith, Inc., Patterson Building.

## Joins Garrett Bromfield

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — John R. Bailey has become connected with Garrett-Bromfield & Co., 650 Seventeenth Street, members of the Midwest Stock Exchange.

# Prosperity Termed Key Factor in Housing Boom

**August issue of National City Bank's "Monthly Bank Letter" discusses factors in the present housing boom, and concludes there is no predetermined saturation point, since the state of general prosperity and national income is controlling factor.**

In an analysis of the current boom in home building, the August issue of "Monthly Bank Letter," monthly publication of the National City Bank of New York, deals with the question of the danger of overbuilding, and, after alluding to the record in the depression years, concludes that the determining factor in the situation will be "the state of general prosperity and the national income" rather than "liberal credit."

As stated in the "Bank Letter":

"Evidently the home construction industry has no predetermined saturation point. Continuance of active building depends upon a complex of factors, including size as well as number of families, migration, condition of present homes, availability and terms of mortgage credit, trend of rents, what the buyer can afford based upon current income, and the success of the builder in offering homes of attractive design and sound value.

"Of these various factors, the key undoubtedly is the state of general prosperity and the national income. As shown during the '30s, housing requirements are sensitive to changes in peoples' incomes and expectations. Home owners' whose finances are squeezed, or threatened, are not generally out looking for better housing; they stay where they are, or seek smaller quarters or double up. Also, declining incomes tend to decrease marriages and births. Thus the contractive process becomes cumulative. Under such conditions, even the most liberal credit incentives for new construction are likely to be ineffective.

"Conversely, a high level of national income and public confidence has cumulative effects in expanding housing needs and stimulating construction. Already a downward adjustment in new home starts from the peak building year 1950 has been made, and for the past several years starts have tended to stabilize around one million annually. Given a growing population and national income, and continuance of easy credit, the building industry would appear to have the basic elements for a sustained, though not necessarily record, level of activity.

"In housing, as in most other lines, realists recognize that the days of scarcities, when almost anything would sell, are over. This means two things: first, that overstimulation of building can be dangerous—increasing the risk of supplying the market with too much too fast and bringing on the slump that people are worrying about. On this score, the recent jump in requests for VA mortgage appraisals, promoted by cheap money and exceptionally easy terms, may warrant some misgiving. Second, it means that if building is to hold up, builders must provide people with the kind of houses they want, where they want them, and at prices they are willing to pay.

"While the country's desire for better homes is still far from satisfied, nevertheless, the urgent demand for shelter of the early postwar years has almost completely disappeared. As a consequence, people can afford to be more choosey and the realty market, more dependent than before on general prosperity, has become more vulnerable."

*LETTER TO THE EDITOR:*

# Suggests Relief for Japan's Overpopulation

**Rev. Cosmas Korb, taking issue with Robert Tuller in May 27 issue of the "Chronicle," proposes New Guinea be opened up to Japanese immigration.**

*Editor, Commercial and Financial Chronicle:*

If a man has a surplus of money, he looks for a place where that money can be put to work and bring in returns. People are of much greater value than mere money, for they are created not just for this life, but for eternity. Surplus populations, such as found in Japan, should not be regarded as an evil. A formula can be worked out not only to provide subsistence but even a raising of the level of living for everyone in the world. Because certain countries have a more numerous population than their land will support is not a fair reason for Americans to take the stand that "we can truthfully help these peoples only by teaching them to help themselves control their numbers," as suggested by Mr. Robert Tuller in your May 27 issue. Unfortunately, that very thing has been done in Japan and it is now estimated that 80 out of every 1,000 married women there have suffered legal abortions.

What impressed me during my three years' stay in Japan was not only the struggle of 85,000,000 people of a wonderfully intelligent and clever race to find subsistence on a few rocky islands about the area of our State of Montana, but the failure of American statesmen and even such casual visitors as Mr. Tuller to recommend that certain uncultivated areas of the world be opened to Japanese immigration and exploitation.

Let me be concrete. I am not merely suggesting that America, Australia, Brazil, or Canada become more realistic about their immigration laws. I think I have a closer and more realistic solution. New Guinea is one of the largest islands in the world, has a climate and soil somewhat similar to Japan's, and is populated at present for the most part by only a couple million aborigines. Moreover, half of the island is held by Great Britain in trust as a mandate of the defunct League of Nations. Would Australia or the Philippines be uncomfortable if that lease were transferred to the United Nations and Japanese be permitted to colonize the island? Yes, they would. But they will find Japanese better and friendlier neighbors than the Chinese Communists who stand an excellent chance of driving in that direction. The free world has ever so much to gain if it will permit Japan to feed itself through New Guinea.

Dr. Firman E. Bear, world-famed soil scientist, is optimistic about man's future food supply. He believes that right here in the U. S. A. we can feed a billion people, if necessary. In the April issue of the "Report from Rutgers," he points out that the productive capacity of the earth is far greater than required to feed all the people on earth. He believes the challenge of a growing population can be met through replacement of mineral fertilizers, through irrigation and reclamation, and through sound conservation of existing land, even through the provision of new water supplies from the ocean. "The possibilities in using yeasts for the microbial transformation of wood and organic materials into protein food, the hope to unlock the secret of the chlorophyll molecule of green plants and put this principle to work to transform water and air into carbohydrates on a production-line basis, putting the vast unused energy of the desert sunshine to work" is the job he sees cut out for the scientist.

Sincerely in Christ,
REV. COSMAS KORB,
OFM Conv.

Immaculate Conception Church,
540 Chestnut Avenue,
Trenton 10, N. J.

## Central Republic Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—George C. Bulloch is now with Central Republic Company, 209 South La Salle Street, members of the Midwest Stock Exchange. He was previously with H. C. Speer & Sons Co.

## Walston Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Charles A. La Franboixe is now with Walston & Co., 265 Montgomery Street, members of the New YoYrk and San Francisco Stock Exchanges. He was previously with Paul C. Rudolph and Company.

# THE MARKET... AND YOU

By WALLACE STREETE

The shift away from the prime blue chips that have done so much work for the last 10 months and into the secondary and speculative issues continued this week with no overall rush to load up. Gains, consequently, were moderate and the lack of any important setback kept most market observers cautious but still optimistic.

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The rails were back in their lazy pattern of lagging, irrespective of the general trend, except for a momentary flare-up in Missouri Pacific preferred—the only listed stock of this carrier—on a new reorganization plan, the fourth proposed for the road in the 20 years of its bankruptcy. Action was restrained, however, both by the fact that so many times high hopes have been disappointed and because the long inertia of the issue seemingly has bred a group of holders impatient to get their money, and move on to more fruitful fields.

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### Aircraft Show

Aircrafts were able to put on a show now and then to prove they are far from the end of the uphill road. A bit of dividend largesse helped both Boeing and United Aircraft spark the action in the group, and the generally good earnings in an era where mixed profit results are apparent in most lines furnished an important statistical prop. As a matter of fact, military orders generally were well regarded marketwise, not the least of the celebrants being General Dynamics which landed a new contract for an atomic-powered submarine. The double romance of concrete business and a growing experience in matters atomic enabled this issue to do some real sprinting.

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The rumor mills have been having a bit more success lately. After much talk and speculation, Motor Products and General Tire finally disclosed a plan for the latter to acquire a $7,000.000 interest. A large block of Robbins Mills stock, not held too long by J. P. Stevens, was transferred to Textron reviving the hopes for a Textron-Robbins-American Woolen blend.

* * *

### Interest in the Steels

All the talk of a Bethlehem Steel-Youngstown Sheet merger proved of substance when Bethlehem admitted that it is, at least, in the talking stage. This proved potent in keeping interest in the steels alive despite the chill of occasional profit-taking and some dour earnings results, notably a trim of nearly half in National Steel's reported net. With a rather wide divergence in ideas over what price would emerge for Youngstown in any successful plan, the issue came in for the best play and was able to star in some multi-gain sessions including one day's improvement of five points. There was little to distinguish individual issues elsewhere in the ferrous group, Allegheny Ludlum standing out a bit more prominently on strength than its cohorts.

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Oils were about as backward as any major group, the occasional progress made by the few buoyant issues such as Texas Co. unable to whip up any general demand. Royal Dutch, which had been expected to be a handsome addition to the listed trading, continues as something of a disappointment, far more familiar with the new low list since its trading inaugural than with strength. Volumewise, it would have to do some three times better to make its first showing on the most active list.

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### Some Interesting New Highs

Among the lower-priced, long-depressed issues, the interest rotated considerably, seeking issues that were ready to come to life to a degree. Popularity veered from one group to another among the textiles, movie stocks, foods shares, store issues and selected ship builders. In the process some added regulars started appearing on the daily lists of new highs, the store stocks being noteworthy including Sears Roebuck, Macy, Franklin Stores, Davega, Diana Stores, Federated Department, Kroger, Neisner Bros., all on one day's posting.

* * *

The quality of the new interest is best illustrated by some of the others that forged to new highs — Wilson, Cudahy and Armour, Wayne Knitting, Artloom Carpet and Manhattan Shirt along with Seegar Refrigerator (helped by a dividend hike) Pittsburgh Screw, Pabco Products, Holland Furnace and Babbitt.

* * *

Armour, for a random illustration, is well behind both the blue chips and the tale told by the averages of highest prices in a quarter century. Until very recently it sold at only half its 1946 peak. Moreover, except for 1949 it sold each year since at a higher price than the best so far this year. Artloom has been selling at roughly half of last year's best and at a sixth of the 1946 high. It, too, sold far higher every year for the last eight years. Either one of these issues can graphically illustrate how ultra-selective the recent strength has been and how depressed some issues still are when the headlines based merely on the selected stocks used in the averages proclaim the "highest prices since 1929."

* * *

### Some Laggards

The television group, far from reaping all the predicted results from color television, actually has been hampered for months by the controversies that have arisen over the issue. Consequently these stocks, except for momentary flings, have put on a rather protracted show of aimless milling around. A similar situation — demonstrating the rather widespread lack of follow-through in the market—is the domestic watch makers. After their brief appearance in the limelight as the tariffs on imported movements were lifted, they subsided rather quickly. The exception in the watch group is Bulova which has forged ahead somewhat steadily with the 1946 peak sufficiently near so that a test of the old high could be engineered on any general market strength.

* * *

Many of the so-called pivotals have also done little recently. Chrysler has had a somewhat erratic time of it, what with the large short interest in the issue, the differences of opinion over whether the directors can maintain the regular dividend at today's (Thursday) meeting, and the possibility of earnings showing any significant upturn after the poor results for the first quarter. General Motors, which was given something of a play on dividend expectations, subsided rather quickly when only the regular payment came along.

* * *

The electrical issues had occasional good moments but they, too, were considerably short of spectacular, and in the seesawing the overall progress came to little. There certainly was little in the division to compete with some of the other random moves, around such as the sharp one-day runup in National Dairy, largely because of rather concentrated attention to it in brokers' advices. These spoke of National as a candidate for some sort of stock distribution, a game that settles on any prospering company whose last stock plum was of 1929 vintage.

*[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]*

*Continued from page 2*

## The Security I Like Best

profit. Recently the Government announced a stockpile buying program which effectively puts a three-year floor of $225 a flask under the operations of domestic mercury producers. This is one of the most practical reasons for thinking that New Idria is a good speculation.

Why the Government wants to stockpile mercury is a mystery to veterans of the industry—atomic energy is given as a possible reason, but nuclear physicists don't see much use for it in their trade. At any rate the Government wants it and has stablized the price at a high level for three years.

The mine's capacity is being increased and production of 700 flasks a month is possible toward the end of this year. At this rate and at a $295 price tag, operating profits ought to exceed $100,000 a month, might approach $120,000. At a more conservative production rate, say 600 flasks, profits ought to be a good $90,000 a month. If the price sinks to the floor during the next two years, profits from mercury mining should be no less than $45,000 a month and could be $70,000. Thus mercury mining is sure to pay off well through 1956 and may pay handsomely.

On a per share basis earnings from the mine could exceed an annual rate of 50¢ a share before taxes and should be no less than 20¢ a share during the next two years. (Taxes won't bulk large this year because of a depletion carry-forward stemming from a now abandoned gold mine in Honduras.) Communists recently burned the Honduras property and New Idria is in for a nice insurance payment.

Besides the mercury mine, New Idria Mining and Chemical owns two chemical manufacturing subsidiaries. One, metalsalts, makes mercurial pharmaceuticals, fungicides and other specialties. Sales have recently been going at an annual rate of $2 million and profits at an annual rate of over $500,000, or about 20¢ a share before taxes. Metalsalts is believed to supply about 40% of this country's mercurial chemical requirements. The other subsidiary Dar-Syn has developed some new processes in non-mercurial chemicals. Most notable was success with a low cost technique for making procaine. Biggest market for procaine is in manufacture of penicillin. Dar-Syn's annual sales rate has reached the half million level, but profits have been modest or non-existant as yet. Three brilliant young men are responsible for the techniques and products which have built the chemical subsidiaries in the last decade or less. A new organic mercurial for use in seed disinfectant should add materially to sales and profits from now on.

As no dividends have been paid since 1950, cash has been piling up and the balance sheet is in good health (the cash pile-up, of course, has not been at the rate indicated above since money has been invested in new facilities needed for expanded production and the average price of mercury was considerably lower than the current). Dividends seem likely to be resumed later this year unless some important new expansion opens up.

The most logical expansion steps which would require substantial sums would be the purchase of another mercury property or purchase of a uranium property. The President of New Idria, Charles Parker, was President of Telluride Mines, one of the large zinc-lead properties of the Colorado Plateau region. Telluride was taken over by Newmont Mining and Parker became President of New Idria. It has been assumed that Parker came into the New Idria picture because of his familiarity with the Plateau region and his high reputation with the hard rock miners and prospectors out there. Parker is a vigorous and engaging individual and my checks on him with people of the region were highly favorable. So far New Idria has not picked up any uranium properties. The management may prove too conservative but since the uranium market has become quite wild they may also prove very wise in moving slowly.

New Idria capitalization is simple—there are 2,552,962 common shares outstanding. Price range this year has been from a low of 1 to a high of 3—a big percentage jump but not out of line with improvement of earning power. As for mercury reserves, recent explorations have pushed proved reserves past the two-year mark. Quicksilver ore bodies are usually irregular in shape and size. Exploration and development have to be maintained consistently. After 100 years it is believed that less than a third of the mineralized area of the mine property has been thoroughly explored.

To sum up, maximum annual earnings projections at the present time are about 70¢ a share before taxes. New Idria looks interesting to me as a "$2 stock" because it has a substantial cash flow, a good management, and the possibility of developing along a number of interesting lines.

## Royal Typewriter—McBee Consolidation

Following approval by the stockholders of Royal Typewriter Co., Inc. and The McBee Co., merger of these companies under the corporate title of Royal McBee Corp. became effective July 31, 1954.

Kuhn, Loeb & Co., New York, acted as advisers in the merger negotiations.

### With F. I. F.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Walter S. Ross is now with F. I. F. Management Corporation, 444 Sherman Street.

### With King Merritt

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — George M. Van Gorden has become affiliated with King Merritt & Co., Inc., U. S. National Bank Building.

### With First Southern Inv.

(Special to THE FINANCIAL CHRONICLE)

BOYNTON BEACH, Fla.—Norman Branch III is now with First Southern Investors Corporation, Southwest First Avenue.

### Joins Kidder Staff

(Special to THE FINANCIAL CHRONICLE)

BRADENTON, Fla.—Girard N. Campbell has become affiliated with A. M. Kidder & Co., 436 Twelfth Street, West.

### With King Merritt

(Special to THE FINANCIAL CHRONICLE)

DELRAY BEACH, Fla.—Charles S. Pompey is now affiliated with King Merritt & Company, Inc.

# *Railroad Securities*

## Extent of Dieselization by Class I Carriers

The Bureau of Transport Economics and Statistics of the Interstate Commerce Commission in its most recent monthly bulletin had some interesting statistics bringing up to date the extent of dieselization of some of the major carriers through the first four months of the current year. The tabulation is reproduced below, showing the percentage of freight service, passenger service, and yard switching service performed by diesel locomotives on the various roads for the first four months of 1954 compared with a year earlier. In the various regional groupings we have listed the roads in descending order of the proportion of freight service dieselized in the current year.

Half of the roads are, to all intents and purposes, completely dieselized and only three, Illinois Central, Nickel Plate and Norfolk & Western have as much as 50% of their freight business now handled by steam power. Of these three both Illinois Central and Nickel Plate have embarked on programs of gradual dieselization after having resisted the trend for many years because of the large amount of coal traffic they handled and because neither is bothered to any extent by heavy grades. Presumably these two will continue to show wide relative gains in diesel use from here on. Norfolk & Western, on the other hand, is still showing its faith in the coal burning engine and is even now experimenting with a new model coal-fired steam turbine.

With the exception of those roads that had already reached full dieselization a year ago, all of the roads listed showed increases in percentage of dieselization in 1954 compared with the first four months of 1953. Particularly wide relative increases were scored by Chesapeake & Ohio, New York Central, Santa Fe and Union Pacific, although the latter still had one of the lowest ratios among the major Class I carriers. One thing that is apparent from a perusal of this tabulation is that while dieselization has admittedly brought important operating economies to the railroads this modern power is by no means the complete answer. One has only to compare the favorable operating performances of Nickel Plate and Illinois Central, operating with little in the nature of freight diesels, with the still very high operating ratio of Chicago & North Western which by now is largely dieselized.

**Dieselization of Major Class I Carriers**
**First Four Months of Year**

| | †Freight —Service— | | ‡Passenger —Service— | | §Yard Switching —Service— | |
|---|---|---|---|---|---|---|
| | 1954 | 1953 | 1954 | 1953 | 1954 | 1953 |
| **Eastern District and Pocohontas Region** | % | % | % | % | % | % |
| Boston & Maine | 100.0 | 99.4 | 89.1 | 88.1 | 99.7 | 88.4 |
| Delaware & Hudson | 100.0 | 99.9 | 100.0 | 81.4 | 100.0 | 99.7 |
| Del., Lack. & Western | 100.0 | 99.9 | 100.0 | 88.9 | 100.0 | 95.8 |
| Erie | 100.0 | 100.0 | 100.0 | 99.1 | 100.0 | 99.7 |
| Lehigh Valley | 100.0 | 100.0 | 96.5 | 96.5 | 99.3 | 99.3 |
| Wabash | 99.9 | 99.8 | 100.0 | 99.6 | 99.9 | 97.3 |
| Reading | 99.7 | 81.9 | 100.0 | 94.6 | 99.4 | 84.6 |
| Chesapeake & Ohio | 93.2 | 75.6 | 99.9 | 98.4 | 95.9 | 90.9 |
| New York Central | 91.0 | 76.5 | 79.8 | 53.5 | 76.9 | 67.7 |
| N. Y., N. H. & Hartford | 81.1 | 79.6 | 57.1 | 57.8 | 99.1 | 92.5 |
| Baltimore & Ohio | 80.7 | 72.1 | 79.1 | 65.9 | 72.7 | 64.6 |
| Pennsylvania | 76.2 | 66.4 | 60.4 | 57.6 | 85.6 | 77.2 |
| N. Y., Chic. & St. Louis | 16.1 | 5.0 | 99.2 | 97.9 | 90.5 | 81.9 |
| Norfolk & Western | nil | nil | nil | nil | 1.3 | 0.6 |
| **Southern Region** | | | | | | |
| Seaboard Air Line | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 99.9 |
| Southern Railway | 100.0 | 99.9 | 100.0 | 99.5 | 100.0 | 99.3 |
| Atlantic Coast Line | 99.8 | 99.8 | 99.6 | 99.6 | 100.0 | 99.9 |
| Louisville & Nashville | 79.3 | 66.9 | 99.9 | 96.5 | 98.2 | 93.3 |
| Illinois Central | 17.5 | 8.1 | 89.0 | 70.8 | 79.7 | 76.9 |
| **Western District** | | | | | | |
| Missouri-Kansas-Texas | 100.0 | 99.9 | 100.0 | 99.9 | 99.3 | 98.8 |
| St. Louis Southwestern | 100.0 | 99.9 | 100.0 | 99.9 | 98.7 | 98.1 |
| Western Pacific | 100.0 | 99.8 | 100.0 | 99.9 | 100.0 | 99.0 |
| Atch., Topeka & S. F. | 99.9 | 83.2 | 100.0 | 98.0 | 99.9 | 95.2 |
| Chic., Rock Is. & Pac. | 99.9 | 98.9 | 100.0 | 99.9 | 99.9 | 97.0 |
| Denver & Rio Gr. Wn. | 99.2 | 97.7 | 100.0 | 99.2 | 97.7 | 85.3 |
| Chicago & North West. | 98.8 | 95.3 | 85.3 | 71.7 | 87.3 | 78.3 |
| Missouri Pacific | 93.8 | 84.0 | 99.3 | 97.6 | 91.8 | 84.3 |
| Chic., Burl'n & Quincy | 92.5 | 85.6 | 99.7 | 98.6 | 88.5 | 81.6 |
| Great Northern | 90.5 | 84.2 | 97.5 | 97.1 | 95.3 | 91.1 |
| *Texas & New Orleans | 86.5 | 61.0 | 94.1 | 83.4 | 94.4 | 88.5 |
| Southern Pacific | 85.3 | 71.6 | 75.9 | 45.8 | 80.1 | 68.4 |
| Chic., Milw., St. P. & P. | 84.1 | 73.9 | 83.2 | 82.0 | 88.0 | 80.2 |
| Union Pacific | 68.8 | 38.9 | 71.4 | 65.1 | 94.0 | 79.8 |
| Northern Pacific | 54.8 | 53.9 | 89.5 | 78.7 | 63.3 | 55.2 |

†Based on gross ton-miles of cars, contents and cabooses.
‡Based on passenger train car-miles in locomotive propelled trains only.
§Based on yard switching locomotive hours in freight and passenger services.
*Southern Pacific System.

## Housing Boom Sustained by Easy Credit

**Study by Federal Reserve Bank of Minneapolis reveals more favorable terms to borrowers and liberalization of mortgage credit has been a significant force maintaining the level of house prices.**

A study by the Federal Reserve Bank of Minneapolis indicates that the current housing boom apparently is being sustained in large part by availability of mortgage credit on terms more favorable to the borrower.

Other factors also important in maintaining the high level of housing activity, the bank's "Monthly Review" said, include a further increase in the number of households, population movement and growth, high income, and an accumulation of savings.

Another finding of the study was that liberalization of mortgage credit terms may be a significant force maintaining the level of house prices. Loan officers report that real estate men and builders have been seeking the most liberal terms on houses difficult to sell in order to move them at quoted prices.

Apparently, the report observed, the prospective home buyer is more concerned with the required down payment and monthly payments than with total price.

In most Ninth district communities the demand for new houses continues high, the study found, although in a few smaller cities the supply of new houses "temporarily is in excess of the demand."

Builders have erected a record number of houses in the postwar building boom, with the number of starts rising steadily through 1950. Indicating, however, that the housing shortage is now largely over, the Review said, was the fact that since 1950 the total has tapered off somewhat below the number at that time.

Despite considerable easing of the housing shortage and the appearance of a small vacancy rate, the demand for new houses has remained much higher than many observers thought it would.

The report said a decline in marriages, expected to continue to 1957, led some to think that demand for new houses would decrease sharply. However, growth in formation of additional households, larger families, and replacement of old dwellings has kept demand up.

It was found that formation of new households, which creates the "basic" demand, has been slower in the Ninth district than the national trend. For this reason the housing boom has not been comparable to that in many other parts of the nation.

Pointing out that a housing boom doesn't take place unless purchasing power is present, the review said this "effective" demand has come from three sources: a large accumulation of liquid savings, high employment with accompanying high incomes, and availability of mortgage credit.

It was noted that where in postwar years liquid savings were an important stimulus to housing activity, in the current year savings are not being used for purchases of houses as much as previously.

With employment and incomes receded from the high 1953 level, more credit is being used in the purchase of homes. The report cited how, in the district, the number of nonfarm mortgages of $20,000 or less recorded in the first four months of this year exceeded the 1953 figure by 6 or 7%.

In most states the amount of credit on these mortgages was larger. This reflects, the review said, lower down payments and possibly the building of an increased proportion of higher-priced houses.

The rate of interest on conventional mortgage loans has held quite firm at 5%, although some Twin Cities institutions have given preferred borrowers lower rates. Also, in many smaller communities where pressure developed to reduce rates for such borrowers, there have been cases of insurance companies making some conventional loans at as low as 4%.

## New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has reported the following firm changes:

Transfer of the Exchange membership of the late Gustav Wurzweiler to Oliver D. Appleton will be considered by the Exchange Aug. 12.

Transfer of the Exchange membership of the late Robert F. Whitmer to Charles H. Babcock will be considered Aug. 12.

Transfer of the Exchange membership of Graham Bell to Jack A. Ziebarth will be considered Aug. 12.

Herman Merkin retired from limited partnership in Sutro Bros. & Co. July 31.

Arthur B. Behal, Vice-President and Treasurer, and Abram Kardiner, Robert W. Ballin and Richard Blauber retired from J. R. Kennedy and Company, Inc., July 30. On the same date Jay Richard Kennedy, President and Director, became President, Treasurer and Director.

## William Lower, Others Join Witherspoon Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Walter B. Lower, William A. Lower and Ralph E. Mayer have become associated with Witherspoon & Company, Inc., 215 West Seventh Street. William Lower was formerly an officer of Douglass & Co. in charge of the Whittier branch. Walter Lower was also associated with Douglass & Co. Mr. Meyer was with First California Company.

## H. Kenneth Powell Joins Adams, Fastnow Company

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Cal.—H. Kenneth Powell, member of the Los Angeles Stock Exchange, has become associated with Adams, Fastnow Company, 215 West Seventh Street, members of the Los Angeles Stock Exchange. Mr. Powell was formerly floor representative for J. A. Hogle & Co. and prior thereto was with J. R. Williston, Bruce & Co.

## H. W. Stead Opens Co.

SALT LAKE CITY, Utah — Henry Wayne Stead is engaging in a securities business from offices in the State Exchange Building, under the firm name of H. Wayne Stead Company.

## With Jamieson & Co.

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, Calif.—William P. Watts has become affiliated with Jamieson and Company of San Francisco.

# "We Have Come Two-Thirds of the Way Towards a Balanced Budget": Eisenhower

**In statement issued July 22, the President says showing of fiscal 1954 Federal Budget was better than estimated by $245 million. Sets forth fiscal achievements of Administration and follows this up with a joint statement by Secy. of the Treasury Humphrey and Director of the Budget Hughes.**

In a statement issued from the White House on July 22, President Eisenhower observed that the Government made a better showing than expected in fiscal 1954 by $245 million. This improvement is shown in the monthly budget statement for June,


Pres. Eisenhower


George M. Humphrey


Rowland R. Hughes

which reports a $3.029 billion year-end deficit, $245 million less than the $3.274 billion estimated in the January budget.

"We reduced the budget proposed by the previous Administration by more than $10 billion, and we cut actual spending by more than $6½ billion under the amount spent in fiscal 1953," the President stated, adding:

"We have come over two-thirds of the way toward balancing the budget. And we have done this while putting into effect a tax program which will return nearly $7½ billion to the people.

"These fiscal achievements mean a great deal to the American people:

"(1) We have made possible a program of tax cuts totaling $7½ billion.

"(2) We have halted inflation. The purchasing power of the dollar has varied only one-half of one cent in the past 18 months.

"(3) Our people have new confidence. We are laying a firm base for a healthy and expanding economy, for better national security, and for more jobs for more people."

The progressive reduction in estimated budget expenditures and deficits is shown in the following table (in rounded hundreds of millions):

| | 1953 Actual | 1954—In January, 1953 Budget | 1954—In January, 1954 Budget | 1954—Figures at Year-End |
|---|---|---|---|---|
| Budget receipts | $64.8 | $68.0 | $67.6 | $64.6 |
| Budget expenditures | 74.3 | 77.9 | 70.9 | 67.6 |
| Deficit | 9.4 | 9.9 | 3.274 | 3.029 |

*Attached is a joint statement by the Secretary of the Treasury, George M. Humphrey, and the Director of the Budget, Rowland R. Hughes for the month ending June 30, and last day of the fiscal year. The figures are subject to final audit, which may result in comparatively minor changes.*

The progressive reduction in estimated budget expenditures and deficits is shown in the following table:

(In billions)

| | 1953 Actual* | 1954—In January, 1953 Budget | 1954—In January, 1954 Budget | 1954—1954 Actual |
|---|---|---|---|---|
| Budget receipts | $64.8 | $68.0 | $67.6 | $64.6 |
| Budget expenditures | 74.3 | 77.9 | 70.9 | 67.6 |
| Deficit | 9.4 | 9.9 | 3.274 | 3.029 |

*Revised from previously published figures to obtain comparability with other data shown by placing expenditures on a checks-issued basis and receipts on a collection basis, in accordance with the change in reporting instituted in February, 1954.

## BUDGET RECEIPTS

As shown in the following table, budget receipts for the fiscal year 1954 were $64.6 billion, a decrease of over $3 billion from the amount estimated in the January, 1954 Budget.

(In millions)

| | In January, 1954 Budget | Figures at Year-End | Increase (+) Decrease (—) |
|---|---|---|---|
| Individual income taxes | $33,433 | $32,434 | —$999 |
| Corporation income taxes | 22,809 | 21,483 | —1,326 |
| Excise taxes | 10,227 | 10,048 | —179 |
| All other taxes | 1,245 | 1,223 | —22 |
| Customs | 590 | 562 | —28 |
| Miscellaneous receipts | 2,312 | 2,175 | —137 |
| Deduct: Refunds of receipts | 2,988 | 3,377 | +389 |
| Net budget receipts | 67,628 | 64,550 | —3,078 |

The decrease in budget receipts from the January estimate was due mainly to (1) lower-than-expected receipts from individual and corporation income taxes and (2) higher refunds.

## BUDGET EXPENDITURES

The following is a comparison of the 1954 year-end budget figures with the estimates contained in the Budget of last January:

(In millions)

| | Estimated In Jan., 1954 Budget | Figures at Year End | Increase (+) Decrease (—) |
|---|---|---|---|
| (1) National security programs: Department of Defense—military functions; mutual military program; Atomic Energy Commission; stockpiling | $48,720 | $46,209 | —$2,511 |
| (2) Relatively uncontrollable programs: Veterans' compensation and benefits; interest; grants-in-aid; agricultural price supports, etc. | 14,135 | 14,257 | —122 |
| (3) All other programs | 8,047 | 7,113 | —934 |
| Total budget expend. | 70,902 | 67,579 | —3,323 |

Expenditures for national security programs were $46.2 billion, a reduction of $2.5 billion from the estimate in the Budget of last January. Of this amount, expenditures for the military functions of the Department of Defense were $1,404 million below the January estimate, due to (1) greater economies in operations, supply, and personnel; (2) the re-examination of military plans and objectives; and (3) further adjustments of new procurement requirements and stock levels based on a reassessment of our war reserve and equipment needs. Expenditures for the mutual military program were $680 million less than the January estimate because of lower-than-expected levels of military equipment deliveries and other forms of military aid. A decrease of $307 million in the expenditures of the Atomic Energy Commission was due largely to revisions in planned operating programs and reductions in costs of certain construction projects. Expenditures for the stockpiling of strategic and critical materials were $120 million under the estimate made last January, due to delays in the delivery of materials and in open market purchases.

The increase of $122 million in programs which are relatively uncontrollable under present laws is the result of a number of changes up and down from the January estimate as shown on the attached table. The major upward change was in the agricultural price support program for which expenditures were $122 million higher; the major downward change was $141 million in interest payments.

The decrease of $934 million in expenditures for all other programs of the government is also the result of many changes from the January estimate. The largest decrease occurred in the Housing and Home Finance Agency, which brought into the Treasury net receipts of $614 million—$511 million more than was estimated in January. This increase in net receipts reflected mainly (1) accelerated private refinancing of local housing authority bonds and notes held by the Public Housing Administration and (2) increased sales of mortgages by the Federal National Mortgage Association. Most of the sales of mortgages were made subject to commitments by the Association to purchase equal amounts of mortgages in the future and, hence, will probably result in larger expenditures for this purpose in the fiscal year 1955.

The expenditure reductions accomplished since the January Budget in many government programs are the result of the President's Aug. 11, 1953 directive to each department and agency head "to take every possible step progressively to reduce the expenditures of your department during the fiscal year 1954."

NOTE—Detailed figures in tables may not add to totals because of rounding.

# Public Debt Moves Toward Longer Maturities

**Analysis of Treasury financing in fiscal 1954 by Federal Reserve Bank of New York shows Treasury achieved notable success in refunding almost $19 billion of maturing and called issues into intermediate issues, having maturities extending largely beyond five years.**

The August edition of the "Monthly Review of Credit and Business Conditions," issued by the Federal Reserve Bank of New York, contains an analysis of Treasury financing in the fiscal year 1954 and the resulting changes in the amount and composition of the Public Debt. According to the article "substantial changes in the composition of the debt were effected during the year. Outstanding marketable issues increased by over $3.1 billion net, reflecting not only an excess of new borrowing over the attrition on maturing and called issues in exchange offerings and the retirement of debt with 'free' gold, but also a net increase arising arising from conversions of nonmarketable issues.

"During the year, nearly $480 million of Investment Series B bonds were converted by private investors into 1½% marketable notes. This was more than double such conversions in the preceding year. The decline in market rates during the year made the sale of such issues more advantageous than in the preceding year, when the notes could be sold only at a discount; and more investors apparently took advantage of the opportunity to shift some of their funds from the Investment Series B bonds into other, more attractive investment outlets.

"Net sales of Savings notes in fiscal 1954 amounted to over $625 million despite the termination of their sale late in October. After October, redemptions of outstanding issues to meet the large quarterly corporate tax payments and other requirements reduced the amount of Savings notes outstanding by nearly $1.2 billion, largely offsetting earlier net sales.

"Savings bonds rose slightly more than $200 million in redemption value during the fiscal year, as the net increase of almost $600 million from accrued interest somewhat more than offset the excess of redemptions (at issue price) over sales. Reflecting the renewed interest in Savings bonds (particularly by investors of large means) following the decline in yields on comparable market issues, sales of Series E and its companion Series H bonds set a new record level since fiscal 1946, and exceeded redemptions (at issue price) of these issues by around $850 million. Sales of Series J and K bonds also increased, but they fell short of redemptions of these and F and G bonds by nearly $1.3 billion, mainly as a result of redemptions of matured bonds of the latter two series. Apparently, individuals to some extent reinvested the funds obtained on the maturing F and G bonds in Series H, J, and K bonds and also in the larger-denomination E bonds, while institutional investors, which are also holders of F and G bonds but are not eligible to purchase E and H bonds, increased their purchases of J and K bonds but not sufficiently to replace all of the maturing F and G bonds in their portfolios.

"Special issues, which are available only to trust funds and other government agencies, increased in fiscal 1954 by over $1.9 billion as a result of the noncash intra-governmental borrowing, but part of this rise was offset by the cash redemptions of these issues by the Postal Savings System to cover the continued net withdrawals by their depositors. The rise in special issues in the past fiscal year was considerably less than in fiscal 1953, mainly because of a shift by the Unemployment Fund from net purchases in fiscal 1953 to net redemptions in fiscal 1954; with the rise in unemployment during the past year, the fund drew on its reserves to cover the excess of compensation payments over receipts, as mentioned previously.

### Marketable Issues

"The composition and maturity schedule, as well as the volume, of marketable issues were altered during the year. The amount of Treasury bonds outstanding, after increasing in fiscal 1953 for the first time since February 1946, declined by over $700 million. Treasury note issues, on the other hand, increased by more than $1.5 billion as a result of the new issue offered in May, while certificates increased by almost $2.6 billion as a result of switches from bonds in exchange offering.

"The change in the maturity schedule of the marketable issues was even more marked than the change in the volume of the debt and the types of issues. By the end of June, outstanding issues maturing within five years were $8.8 billion less than at the end of June 1953, while those maturing in more than five years were $11.9 billion higher. The Treasury achieved notable success during the past fiscal year in refunding almost $19 billion of maturing and called issues into intermedaite issues and in confining almost all of its net new money borrowing in the market to such issues. Despite this accomplishment, over $60.1 billion in marketable issues (including Treasury bills outstanding at the beginning of the year) will mature, and must be refunded, within the current fiscal year. In fiscal 1954, almost $67 billion of maturing and called issues were refunded."

# Blyth Group Offers No. III. Gas Shares

Blyth & Co., Inc. headed a group which on Aug. 3 offered for public sale 233,974 shares of Northern Illinois Gas Co. common stock, $5 par value, at a price of $21 per share.

Proceeds of the sale will be distributed to certain holders of Commonwealth Edison Co. common stock who had received the shares as a dividend, and on whose behalf the shares are being sold. Commonwealth, the parent company of the gas company, had acquired 5,892,484 common shares of Northern Illinois, and had announced its intention of distributing the stock to its stockholders in annual installments over a period of years.

The first distribution was authorized on June 1, 1954 at the rate of one share of Northern Illinois common for each 25 shares of Commonwealth Edison common held on June 23, 1954.

The current offering is made up of fractional shares and shares being sold for the account of Edison stockholders who elected not to hold the gas company stock.

Continental Illinois National Bank & Trust Co. of Chicago, agent bank, sold the securities to the underwriters on their bid of $20.28125 per share on Aug. 2.

Northern Illinois provides gas in Cook County, outside the City of Chicago, and 16 other counties in northern Illinois. At Dec. 31, 1953 the company had 450,000 customers.

For the 12 months ended May 31, 1954 the company had net income of $5,365,000 on operating revenues of $57,361,000.

*Continued from page 3*

# The Gold Standard in Historical Perspective

withdrawals. Treasuries also fear that the enemy may attempt to acquire their gold or create a panic. Governments suspend specie payments to prevent such eventualities.

Judging from the above facts, it is reasonable to conclude that the gold standard is "associated with peace and prosperity."

### Reasons for a Gold Standard, Especially for a Gold Coin Standard

The most advanced nations, by economic measurements, during the last 80 years have made the greatest use of the gold standard. See Correlation Table I. The top 15 nations in this list of 30 had a per capita national income in 1950 ranging from $311 to $1,635, and male life expectancy (a good indicator of economic progress) ranging from 54.6 years to 69.4 years, with only two nations not reporting. All but two of these nations, the same two, had strong democratic traditions. During the last 80 years these 15 had been on the gold standard an average of 44 years, and during 33 of these they had gold coins circulating. The second 15 nations, made up of nations on which data could readily be obtained, had per capita national incomes in 1950 ranging from $95 to $282. Male life expectancy ranged from 37.4 years to 63.8 years, with six nations not reporting. Only two of these second 15 nations had consistent democratic traditions. During the last 80 years these second 15 nations had been on the gold standard an average of only 18 years and had used gold coins an average of only 11½ years. The record of the first 15 nations for being in wars and suffering defeats (24 and 7) was only moderately more favorable than the record of the second 15 (29 and 11). There was a big difference, however, in the matter of currency depreciation. There were only three bad inflations among the first 15 (France, Belgium, Finland) and no repudiations, but there were eight bad inflations among the second 15 plus five instances of repudiation.

It is logical to assume a casual relationship between the gold standard and a high per capita national income. A dependable currency assures those who save that they will not lose by saving. Savings are needed for investment. The results of investment, capital, makes labor more productive and raises the standard of living. It is also logical to assume a casual relationship between the circulation of gold coins and a lesser degree of currency depreciation. If gold coins circulate, the disgrace of specie suspension and of devaluation is more obvious. The government is therefore more reluctant to suspend specie payments and to devalue its currency. To the extent that those occurrences are avoided, the money is more stable and dependable. Thus saving is encouraged, capital is increased and the standard of living is improved.

Of course over a long period of time any currency may be expected to depreciate some. But the stamina of a people and the quality of their government may be measured by how well they resist this tendency. For example, over the centuries the English have done exceedingly well, as A. E. Feaveryear pointed out in his book on "The Pound Sterling" in 1931. He said, ". . . From the silver pennies of King Offa of Mercia [775] to the Currency and Bank Notes Act, 1928, is a long story, but nevertheless a continuous one. . . . The English pound, which Domesday Book recorded as the year's rental of a 100-acre holding, will now scarcely pay a week's rental of two unfurnished rooms in a suburban villa. Yet the case of most if not all the other currencies is far worse. The French franc, which now goes 124 to the pound, was once called a livre, and is a direct descendant of the libra of Charlemagne. The Italian lira, of which 92 make a pound, can trace its history through the ancient Venetian lira of the same origin. French sou, Italian soldo, and English solidus or shilling were in the 8th Century the same unit. And the Cologne mark of the Middle Ages, which was probably of about the same value as the English mark of 13s 4d, was the ancestor of that modern German mark, one million of which have in recent years been sold in London streets for 2 pence. Against these examples the history of the English standard appears eminently respectable.[3] During most of the last 200 years the English have had gold coins in circulation. That is an important reason why depreciation has been limited until the past generation. Gold coins provide strong resistance to depreciation.

A few years ago a member of Congress explained candidly why the gold coin standard was a help to economy-minded legislators. He said that in business it is profits that count. Anyone suggesting to a merchant that he sell a certain product at a loss would probably receive scant attention. In politics someone proposing a measure that will cost a Congressman votes will also probably receive scant attention. An economy-minded Congressman under our present money system has been likened to a fireman running into a burning building with a hose that is not connected to the hydrant. He may be brave but he does not have the necessary connections to do the job. The Congressman has no sustained hook-up with the taxpayers to give him strength in his economy drive. Before 1933 the people were in a better position to enforce economy. Whenever they became disturbed over Federal spending or depreciation of the dollar, they could redeem their paper currency in gold at their banks and wait for the Treasury and Congress to take the hint. They had a "hook-up" with economy-minded or sound-money-minded Congressmen.

Under present day conditions those seeking government assistance will devote many hours, days and weeks to obtain the desired legislation and grants. The taxpayer is generally too busy earning his living to be able to take time out and go to Washington to oppose these measures. He no longer has the protection of a tradition of a balanced budget, of the bulk of expenditures being met by state and local governments as it was before 1933, or of a gold coin standard. The easiest of these checks upon our Government to restore would be the gold coin standard. Then Congress could sense the wishes of taxpayers as quickly as those of pressure groups seeking Federal funds. It would make it easier for Congress to balance the budget and for the country to avoid inflation.

### Case Histories of Nations That Have Taken the "Primrose Path of Managed Currencies

Currencies are either redeemable in gold and/or silver or they are not. If they are not, they must be completely managed. Redeemable currencies depreciate only if the gold and/or silver depreciate or possibly if all other currencies so redeemable depreciate. Moreover, their depreciation is limited by the depreciation of the precious metals. Irredeemable currencies, however, may depreciate for various reasons and to an almost infinite degree. The more any nation has depended on irredeemable money, the more the value of its money has tended to decline. Let us look at a few examples.

The French livre (meaning "pound"), predecessor of the franc, began as a pound of silver under Charlemagne (768-814). French monetary history from Philip I to Louis XV (1060 to 1774) was "a long series of debasements." There were 19 of them between 1497 and 1602, for example. By the time of the French Revolution (1790's) the livre was down to 1/78 of its primitive value. In 1795 the franc was substituted for the livre at a ratio of 80 francs to 81 livres, the franc being worth 5 grammes, .900 fine.[4] Although very stable during the 19th century, the franc in terms of gold is today worth 1/120 of what it was in July of 1914. It is thus less than 1/9300 of its value in Charlemagne's time. Wars, royal extravagances, and more recently depressions have been responsible for this depreciation.

Chile, one of the stronger Latin-American nations, perhaps because of a sizable early immigration of English, Germans and Irish (two national heroes are named O'Higgins and Cochrane) had a fairly dependable currency until the latter part of the last century. As in all Spanish colonies the original unit was the Spanish silver peso or dollar, by law slightly larger than the American one (374.87 grains of fine silver in 1785). Chile got her independence from Spain in 1818. The Chilean Minister of Finance referred to Chile in 1824 as "a country which has no paper currency and would admit it only at the point of a bayonet."[5] Her currency was dependable for the next half century, but then wars, internal dissension, and some acquaintance with paper money led to a series of debasements. Chile suspended specie payments on July 22, 1878. Since then she has twice been briefly on the gold standard from 1895 to 1898 and from 1926 to 1932. Otherwise her money has gone through one debasement after another as may be dramatically shown by the weights, finenesses and values of 10 pieces of money I have before me. (See Table II.)

Great Britain's pound sterling is likewise a descendent of the pound of silver of the time of Charlemagne. The penny, of which there are 240 to the pound, was a silver coin in the Middle Ages and the chief coin in circulation. There were also some gold pennies, which indicates the greater value of the penny then. There have been relatively few debasements in British monetary history. Edward I debased silver 20% (1344-51). Henry VIII and his son Edward VI debased the silver coins even more (1543-52). Britain went onto the gold standard by overvaluing gold relative to silver in 1717 on the advice of Sir Isaac Newton. The chief coin was the gold guinea of 21 shillings. Britain suspended "cash payments" in 1797 and resumed in 1821. The standard coin from 1816 on was the gold pound or sovereign of 20 shillings. For the next 93 years Britain avoided suspending cash payments. During World War I she had to suspend but returned to the gold bullion standard on April 28, 1925. That lasted until Sept. 21, 1931. During the remaining 1930's the pound fluctuated in terms of a dollar that was devalued 41% itself after 1933-34. It ranged from a low of $3.20 in 1932 to $5.15 in the spring of 1934 after the dollar's devaluation, hovered around $4.90 during most of the decade, and was pegged at $4.03 during World War II. In September of 1949 it was devalued 31% or to $2.80, and it has remained there since. The pound is not freely convertible into gold either at home or abroad. Altogether the pound has lost two-thirds of its gold value since 1914. Even so, its record over the centuries is probably better than that of any other currency, which explains the great prestige of sterling throughout monetary history.

3 A. E. Feaveryear, "The Pound Sterling" (Oxford Press, 1931), pp. 332-33.

4 "Encyclopaedia Britannica," 11th edition, Vol. XVIII, 702 (Cambridge University Press, 1911).

5 Frank W. Fetter, "Monetary Inflation in Chile," pp. 8-9, (Princeton University Press, 1931).

TABLE I

**Correlation of Gold Standard With Per Capita National Income and Other Factors in 30 Countries**

| No. | Country and Type of Govt. (Democratic or Autocratic) | Approximate Fraction Money Now Is of 1873 Money | Years on Gold Standard 1873-1950 | No. Years Using Gold Coins | Approximate Per Capita Natl. Income in 1950 in $ | No. Wars and of Defeats (d) | Male Life Expectancy at Birth |
|---|---|---|---|---|---|---|---|
| 1. | Canada ____________D | 3/5 | 47 | 4 [2] | $1,635.60 | 2 | 1947 —65.2 |
| 2. | U. S. A.___________D | 3/5 | 53 | 53 [5] | 1,586.00 | 3 | 1949 [9] —67.7 |
| 3. | New Zealand_______D | 1/3 | 44 | 0 [2] | 893.40 | 2 | 1934-38—65.5 |
| 4. | Switzerland ________D | 2/3 | 47 | 37 | 862.80 | 0 | 1939-44—62.7 |
| 5. | Sweden ___________D | 2/5 | 49 | 49 | 819.50 | 0 | 1941-45—67.1 |
| 6. | Australia __________D | 1/4 | 46 | 46 | 667.65 | 2 | 1946-48—66.1 |
| 7. | United Kingdom____D | 1/3 | 48 | 42 [6] | 619.36 | 3 | 1948 —66.4 |
| 8. | Belgium ___________D | 1/17 | 45 | 37 [2, 6] | 613.40 | 2 dd | 1928-32—56.0 |
| 9. | Denmark __________D | 1/3 | 47 | 42 [6] | 528.70 | 1 | 1941-45—65.6 |
| 10. | France ___________D | 1/125 | 47 | 42 [6] | 500.70 | 2 d | 1933-38—55.9 |
| 11. | Venezuela _________A | 13/14 | 20 | 20 [2] | 438.20 | 0 | n.d. |
| 12. | Finland ___________D | 1/80 | 43 | 38 | 438.10 | 2 dd | 1941-45—54.6 |
| 13. | Norway ___________D | 1/3 | 43 | 40 [6] | 417.40 [4] | 1 d | 1921-31—61.0 |
| 14. | Netherlands _______D | 3/8 | 50 | 50 [1] | 402.90 | 1 d | 1947-49—69.4 |
| 15. | Cuba _____________A | 3/5 [7] | 30 | 0 [2] | 311.00 | 3 | n.d. |
| 16. | Germany __________A | (Rep) 2/5 | 47 | 40 | 282.40 [4] | 2 dd | 1932-34—59.9 |
| 17. | Colombia __________A | (Rep) 1/3 | 10 | 10 [1] | 250.60 | 1 | n.d. |
| 18. | Greece ____________A | (Rep) ___ | 4 | 0 | 222.60 [4] | 2 d | 1926-30—49.1 |
| 19. | Italy ______________A | 1/200 | 20 | 13 [1] | 218.40 | 3 d | 1930-32—53.8 |
| 20. | Union of So. Africa__D | 1/3 | 49 | 49 | 213.75 | 3 | 1945-47—63.8 [8] |
| 21. | Argentina _________A | 1/35 | 22 | 4 [1] | 212.50 [3, 4] | 0 | n.d. |
| 22. | Austria ___________A | (Rep) 1/7 | 23 | 14 | 192.50 [4] | 2 dd | 1930-33—54.5 |
| 23. | Mexico ___________A | 1/15 | 14 | 6 [1] | 172.00 | 1 | n.d. |
| 24. | Brazil ____________A | 1/50 | 0 | 0 | 153.60 [4] | 1 | 1920 [9] —37.4 |
| 25. | Spain _____________A | 1/17 | 3 | 0 | 134.10 [4] | 2 d | 1930-31—48.7 |
| 26. | Japan _____________A | 1/600 | 20 | 18 | 122.90 | 4 d | 1949-52—56.2 |
| 27. | Turkey ____________A | 1/21 | 5 | 5 [1] | 107.70 [4] | 3 d | n.d. |
| 28. | Chile _____________A | 1/100 | 9 | 0 | 105.30 [4] | 1 | 1940 —37.9 |
| 29. | Peru ______________A | (Rep) 1/12 | 15 | 14 [1] | 95.10 [4] | 1 d | n.d. |
| 30. | Philippine Islands __D | 3/8 [7] | 25 | 0 | 95.00 [4] | 3 d | n.d. |

NOTES: (1) Circulation of gold coins discouraged, or few ever put in circulation.
(2) Some foreign gold coins circulated.
(3) National Income of 1951.
(4) Conversion to dollars based on most likely free rate.
(5) Redemption abroad of currency in gold for an additional 17 years.
(6) Redeemed in gold bars for remaining years on gold standard.
(7) Fraction of value 50 years ago.
(8) Europeans only.
(9) Men and women.
(Rep) Inflated currency to point of repudiation and started over with new monetary unit. Fraction following indicates how far that has depreciated.
n.d. No data.

*Sources:* International Monetary Fund, *International Financial Statistics*, February, 1954, passim.
United Nations, *Statistical Yearbook*, 1951, 1952 eds., passim.
Tables from other reports by D. L. Kemmerer.
Calculations by D. L. Kemmerer.

TABLE II

**Depreciation of Chilean Peso, 1834-1954**

| No. | Year | Weight (Grammes) | Fineness | Fine Silver | Value in American $ |
|---|---|---|---|---|---|
| 1__________ | 1834 | 26.1 Gr. | 902.8 | 23.56 Gr. | .975 |
| 2__________ | 1876 | 25.0 | 900.0 | 22.50 | ____ |
| 3__________ | 1895 | 20.0 | 835.0 | 16.70 | .365 |
| 4__________ | 1903 | 20.0 | 700.0 | 14.00 | ____ |
| 5__________ | 1910 | 12.0 | 900.0 | 10.80 | ____ |
| 6__________ | 1915 | 9.0 | 720.0 | 6.48 | ____ |
| 7__________ | 1924 | 9.0 | 500.0 | 4.50 | .1054 |
| 8__________ | 1927 | 9.0 | 400.0 | 3.60 | .1217 |
| 9__________ | 1932 | 6.0 | 400.0 | 2.40 | ____ |
| 10__________ | 1932 | Paper | ____ | ____ | .0603 (Dec.) |
| 11__________ | *1953 | Paper | ____ | ____ | .0045 (Dec.) |

Collection in possession of Professor D. L. Kemmerer of the University of Illinois. Originally made for Professor E. W. Kemmerer, Financial Advisor to Chile in 1925 and in 1930.

*December 1953 free rate.

Spain stands in rather striking contrast to England. The treasure house of Europe for over two centuries, she has not had the moral fibre to resume specie payments in 70 years. Repeatedly during the late 1920's the Spanish Government announced its intention of resuming but it was never able to put its financial house in suitable order so as to achieve this goal. It had to face the humiliation of admitting it dare not try in 1930. The Spanish currency, supposedly modelled on the French system, has steadily depreciated.

Wars are often blamed for most currency depreciation and they certainly have been responsible for a great amount of it. Let let us look at a comparison of nations that have fought wars and suffered some defeats but have maintained the gold standard and used gold coins, with an equal number of nations that also fought wars and suffered some defeats but did not maintain the gold standard. It reveals that the countries that used the gold standard fewer years had a much worse record of currency depreciation. Lack of moral fibre or national character, call it what you will, is more important than wars in causing currency depreciation.

**What Currency Depreciation Does**

Currency depreciation tends to have several effects that are harmful.

(1) It discourages saving, at least in the form of money or liquid savings. Why lay aside money in a bank, buy insurance, participate in a building and loan fund, or invest in government or corporate bonds if it seems very likely that the purchasing power of these savings will become smaller in the years ahead.

(2) It wipes out past savings. It was cynically said in France in 1926 that there were now three ways of losing a modest fortune instead of only two as before. In addition to spending it on women or gambling there was putting it in "choice family investments."[6] A 3% French Government bond, worth 87.12 gold francs in 1913 was worth only 47.20 paper francs in 1926 which was the same as 6.88 gold francs.[7] Eleanor Dulles, financial historian of the franc, writing in 1933, estimated that the net loss of real wealth in France from inflation amounted to $50 billions.[8] In our own country, between 1939 and 1952 the dollar lost, on the average, 5% of its remaining value each year, and was worth in 1952 about 52% of what it had been worth in 1939. An E bond costing $75 in 1942, and supposedly paying the holder at the rate of 2.9% when it was redeemed at $100 10 years later, actually paid him back only the purchasing power equivalent of $61.50 in 1942 dollars. He got no interest and lost $13.50 of his principal.[9]

(3) Inflation or currency depreciation, if at all repaid, causes such widespread dissatisfaction that the government may be called upon to institute rent controls, price controls, wage controls, and even interest rate controls. Most warring nations experienced most of these to some degree in the last two World Wars. Britain is just getting rid of price controls. We did not get rid of interest rate controls until 1951. In France the rent controls imposed in 1914 remained on during the inter-war period and by the end of World War II French rentals were only 1 or 2% of the average tenant's income, houses were not being repaired, and few new apartments were being built.[10] Yet the government, for political reasons, dared not repeal the controls.

(4) When economic controls discourage production by private enterprise, then government sometimes has to step in and subsidize what private capital no longer has the means or the incentive to accomplish.

(5) Currency depreciation makes taxes higher. Government expenses rise if the government has to take on additional responsibilities, such as subsidizing housing or nationalizing basic industries (government generally operates businesses it owns at a loss, so that is a disguised form of subsidizing the consumer). As prices, wages and income rise, the taxpayer's income is thrown into higher tax brackets and a larger part of it is taxed.

(6) Currency depreciation is a strong factor in making a country socialistic or fascistic. It puts more responsibility in the hands of the government, it causes more of the individual's income to be taken in taxes and thus to pass through the hands of his government. This gives the government greater power, for he who holds the purse strings generally dictates how the money shall be spent. It is not just coincidence that Europe which has seen the worst wars and the most inflation in the last half century has also seen the sharpest trends in recent years toward fascism or socialism. France and Britain have tended toward socialism; Germany, Italy and Spain toward fascism. On the other hand, the correlation between stable money and democracy, capitalism, and a high standard of living is strong. This is brought out in Table I. Notice that the countries with the highest standard of living and the more democratic traditions are the ones that have had the most stable currencies and made the most use of gold coins.

(7) Currency depreciation leads to more currency depreciation. It is a habit that is difficult to break. In colonial times the governments of almost every colony, once they discovered paper money, were unable to give it up. This has also been true of many Latin American nations. Brazil has had a depreciated currency for close to a century; Chile's currency has been depreciating for all but nine of the past 75 years, Argentina for all but 19 of the past 82 years, Peru for all but 16, Colombia for all but 11 and Bolivia for all but four. Great Britain's pound, once the symbol of reliability, has depreciated more in the past 40 years, during which Britain has been on the gold standard only six years, than it did in the previous two centuries. And the United States, which abandoned the gold coin standard in 1933, has had more enduring depreciation of the dollar in the last 15 years than it has had at any time since the Revolution. Most of it took place, not during, but, after World War II. It has happened during a period when we did not have convertibility of dollars into gold coin in the United States.

**The Best Was Is to Resume With a Full Gold Standard and Be Financially Strong**

A full gold standard involves a willingness to redeem one's money in gold at home as well as abroad, to redeem it for individuals as well as for central banks, to redeem it in gold coin which is within reach of the average man as well as in gold bars which only the rich can afford to have.

There is one attitude that characterizes almost all of the 22 cases of resumption that I have studied. That is a strong and genuine fear that the resumption will not succeed. Treasury officials and bankers fear that they will be swamped with such great demands for specie that they will not be able to meet them. It is understandable that the fears are greatest on the part of those whose responsibility it is to meet the demands for specie. Yet the fears have in almost every instance been exaggerated. That was true, for example, in Great Britain in 1821, in the United States in 1879,

*Continued on page 20*

6 New York "Times," May 30, 1926, VIII, p. 1.

7 Reference Service on International Affairs of the American Library in Paris, "France and Her Capacity to Pay," (Paris, 1926), p. 113.

8 E. L. Dulles, "The Dollar, The Franc, and Inflation," (MacMillan, New York, 1933), p. 68.

9 My calculations based on BLS consumer prices.

10 B. deJouvenel, "No Vacancy" (Foundation for Economic Education).

Continued from page 19

# The Gold Standard in Historical Perspective

in Italy in 1883, in Sweden in 1924, and in France in 1926.

Typical of the situation is the front page of the "Cincinnati Daily Gazette" of Jan. 3, 1879 reporting on the resumption that took place officially in the United States the day before. It was a "dull party." When the New York Sub-Treasury opened at 10 o'clock, with piles of gold on view to meet the expected rush and 15 clerks to hand it out, there was just one customer. It was a half hour before another appeared, and only about a dozen came before noon. More gold was deposited that day than was demanded. This sort of thing has happened elsewhere too on resumption days. It is the rule rather than the exception.

The study of 22 gold resumptions strongly suggest that when resumptions are unsuccessful, it is because of demands for gold to settle adverse foreign balances. It is less likely to arise from heavy demands for coin at home. In this connection, it is noteworthy that we have stood ready to redeem dollars in gold, whenever the exchange rate reached the gold export point, for the last 20 years. We have done so without question and without difficulty. All we have left to do is the easier half of the resumption job, stand ready to redeem dollars in gold coin at home on demand. This should not be difficult.

It may be asked what are the economic prerequisites for a successful resumption of specie payments. Again, judging by the studies of 22 cases, most of the following conditions are desirable, although it has been rare that all were present.

(1) A favorable balance of trade, or a not too unfavorable one. It is hard to maintain gold payments if large amounts of gold are constantly drawn abroad to settle an unfavorable balance.

(2) An approximately balanced budget. This is to inspire confidence so that people do not fear further inflation.

(3) Economic prosperity, or at least the absence of a serious depression.

(4) Adequate gold reserves and ample balances of foreign exchange.

(5) A satisfactorily funded public debt, as much as possible in the hands of the people, and most of it not coming due soon.

(6) A central bank relatively independent of the Treasury.

The United States meets most of those requirements today. Taking them up in the same order as they have been mentioned, this is the situation.

(1) Our balance of trade is favorable and has been strongly so for many years now.

(2) The budget is balanced within about 5%, or at worst 10%; the "cash budget" is virtually balanced now.

(3) The country is not in a depression. The economic recession of 1949-50 was considered mild and the present "dip" is even milder. Unemployment reached 4.5 millions in January, 1950 and averaged 3.4 millions in 1949. Unemployment was 2.4 millions this January. Personal income is still very high.

(4) American gold reserves relative to money and deposits (adjusted) were higher in December, 1953 (11%) than during the prosperous period of 1923-29 (7.8%) or than during the first half of 1933 just before we left the gold standard (9.5%).[11] Our investments abroad are large; they amounted to $15 billions in mid-1953.[12]

(5) Of the six conditions mentioned above, our public debt situation is probably the least satisfactory but it is improving. Some 46% of our marketable and convertible securities have more than three years to maturity; some 51% of them are held outside of commercial and central banks.[13]

(6) The Federal Reserve System, our central banking system, regained its independence in March, 1951 when an "accord" was reached with the Treasury. The present deputy of Secretary of the Treasury Humphrey, who has most to do with Treasury-Federal Reserve operations, is Randolph Burgess. He is sympathetic to the idea of an independent Federal Reserve System.

Conditions will probably never be absolutely perfect for a return to the gold coin standard. They are more favorable to us now than most countries in the past have had them when they returned to the gold standard. The United States was emerging from a long depression in 1878 before it resumed in 1879; Japan was in a depression in 1897 and had small gold reserves; Italy had an adverse trade balance in 1902 and so did Sweden in 1924. Yet all resumed successfully.

It is not necessary for one nation wanting to return to the full gold standard to wait for others. At least it has never worked that way in the past and no disasters have taken place because most nations did not wait and go back onto the gold coin standard together. The idea that that is essential seems to have grown up in the 1930's. Yet a tabulation of nations adopting the gold standard before 1914 and again in the 1920's shows that generally the countries returned to the gold standard in ones and twos. Only occasionally did they return in larger clusters, and that was after the trend was well started.

In the past the world's already recognized financial leaders have taken the first steps to return to the gold standard. Then other nations have followed. As John Parke Young, economist for the United States Senate Commission of Gold and Silver Inquiry put it in 1925, "Europe for several years has been waiting for Great Britain to act, and did not desire to do much in the way of currency reform until Great Britain set the example."[14] After the Napoleonic wars the leaders of that time led the procession back to hard money. They were France, Austria and Great Britain. In the 1870's Great Britain was never off gold, Germany shifted from silver to gold, France and the United States returned to the gold standard from depreciated currencies (because of wars). Other nations followed these leaders until 41 were on the gold standard in 1912. After World War I the United States was the first large nation to return to the gold standard, Germany went back in 1924, Great Britain in 1925, France returned *de facto* in 1926 and legally in 1928. Again most other nations followed the example of these leaders. By 1931 47 were on gold.

Today the United States is by far the strongest nation financially. We have the burden and responsibility of world leadership. We have over half the world's gold, we produce almost half the world's steel, we are by far the strongest nation industrially, and we have one of the highest standards of living. Others follow our example in almost everything that we do. They would probably follow us in this respect too. They followed other financial leaders in the past who returned to the gold standard.

Judging by the experience of the recent past, there are basically four ways of resuming specie payments. Some of these are not markedly different from one another.

(1) The nation might slide back onto the full gold standard, rather unobtrusively as it did in 1919 Then it was the export of gold that was permitted again. This time it would be domestic redemption that would be permitted. It could simply be announced quietly that dollars were redeemable in gold coin again. It may be questioned how successfully this could be "played down" in the press.

(2) The Treasury might redeem dollars in gold coin unofficially for a while, then announce its intention to do so officially. France did this in 1875 and did not resume officially until Jan. 1, 1878, by which time the newspapers hardly paid any attention at all to the official resumption. France did it again, so far as foreign redemption in gold was concerned, in 1926-28. We did it briefly between Dec. 17, 1878 and Jan. 2, 1879.

(3) Congress might set a date at some time in the future and announce the nation would resume at that time. Great Britain did that in 1819, choosing 1823 but then actually resumed in 1821. We did that in 1875, picking Jan. 1, 1879. France also did it in 1875, choosing Jan. 1, 1878.

(4) The Treasury might make a definite announcement, with little preparatory discussion that it was forthwith redeeming dollars in gold coin when requested. Great Britain returned to the gold standard in 1925 thus, Canada did likewise in 1926, and Belgium did in 1926. None of them was returning to a gold **coin** standard, however. Since we already redeem our dollars in gold abroad, and have only to redeem them in gold at home, this should not be too difficult. The chief problem would be keeping secret the minting of the gold coins which would have to be gotten ready before-hand.

Secretary of the Treasury John Sherman said in the 1870's, "The way to resume is to resume." By that he meant that there comes a time when one must drive ahead towards his goal and not lose momentum by worrying over minor details. In this connection, the earliest possible announcement that the nation was again willing to redeem dollars and deposits in gold coin might be the best method. A particularly suitable time could be chosen. In contrast, choosing a time six months, a year, or four years ahead might cause resumption to take place at a less suitable moment. But any of the above ways of resuming is better than not resuming at all.

### Conclusion

A full gold standard, financial history shows, is the best assurance of a stable money. Such a full gold standard involves redemption of dollars in gold coin at home as well as in gold abroad. Gold coin redemption provides a democratic gold standard, one open to the average man, not one whose benefits are largely limited to financial institutions or wealthy persons, which is the case with the gold bullion and the gold exchange standards. Nations with stable money generally have the highest standards of living. That is because high standards of living are built on lots of capital; capital results from saving, and people do not save and invest willingly unless they trust the money that they are saving. They will trust it most if they may have the standard coin—gold—any time they want it.

The United States can today resume quickly and easily. Conditions are as propitious as they are likely to be. Fears that resumption will fail have in the past been greatly exaggerated. They are exaggerated today. Once we return to a full gold standard, and we are more than half way there now, other nations are very likely to follow our example. Other nations have generally followed their fiancial leaders in the past.

11 Federal Reserve, "Banking and Monetary Statistics," pp. 34, 544; "Federal Reserve Bulletin, 1954, p. 161.

12 U. S. Department of Commerce.

13 "Federal Reserve Bulletin," 1954, p. 179.

14 New York "Times," May 3, 1925, IX, p. 3.

# Mountain States Tel. Debentures Offered By Underwriters

A syndicate headed by Halsey, Stuart & Co. Inc. on Aug. 4 offered $20,000,000 of Mountain States Telephone & Telegraph Co., 35-year 3% debentures, due Aug. 1, 1989, at 101.086% and accrued interest, to yield 2.95%. The group won award of the issue at competitive sale on Aug. 3 on a bid of 100.66%.

Net proceeds from the sale of the debentures will be applied by the company toward repayment of advances from its parent organization, American Telephone & Telegraph Company. These advances, which are expected to total around $23,000,000 at the time the proceeds are received, are obtained in conformity with an established practice of the company, and are used for general corporate purposes, including extensions, additions and improvements to its telephone plant.

The debentures will be subject to redemption at regular redemption prices ranging from 104.086% to par, plus accrued interest.

The Mountain States Telephone & Telegraph Co. is engaged in the business of furnishing communication services, principally telephone service, in Arizona, Colorado, Montana, New Mexico, Utah and Wyoming, in Idaho South of the Salmon River, and in El Paso County, Texas. On March 31, 1954, the company had 1,438,720 telephones in service and its subsidiary, Malheur Home Telephone Co. operating in Malheur County, Oregon, had 5,135 telephones in service.

For the three months ended March 31, 1954, the company had total operating revenues of $38,580,062 and net income of $3,517,809, equal to $1.80 per share. For the year 1953, total operating revenues were $144,671,313 and net income was $12,757,329, equal to $6.89 per share. These figures compare with 1952 operating revenues of $126,729,118 and net income of $10,169,486, equal to $6.82 per share.

## Robert J. Brandt With Pacific Coast Secs.

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif. — Robert J. Brandt has become associated with Pacific Coast Securities Company of San Francisco. Mr. Brandt was previously manager of the local office of Hannaford & Talbot. Prior thereto he was with Paine, Webber, Jackson & Curtis.

## With Reynolds & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Julius J. Fulton has become affiliated with Reynolds & Co., 425 Montgomery Street. In the past he was with Merrill Lynch, Pierce, Fenner & Beane.

## Walston Adds to Staff

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Joseph A. Brimo has been added to the staff of Walston & Co., 265 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

# *Securities Salesman's Corner*

By JOHN DUTTON

## Should a Professional Investment Man Compromise With Amateur Advisors?

Every so often you will run into a case where your client has taken one of your proposals to some friend whom they believe is competent to advise them on the soundness of one of your own proposals. Sometimes it is a commercial banker, a trusted friend who has made money in some business completely separated from the profession of investment analysis, or quite often it is a lawyer. This is done in good faith by your client. Possibly they feel that they are being extremely cautious and sound in so-doing, because they have the erroneous impression that such a double check will give them more assurance of greater safety, and a more conservative evaluation of the proposals you have made to them.

If there is any subject that is far too complicated for part time, self styled, advisors to cope with, it is the one of advising any individual as to the best investments that he or she should own at any particular time. I have just finished reading a short analysis of company earnings made by one of the leading statistical organizations and investment advisors in this country. This report goes into the effect of the repeal of excess profits taxes on certain company earnings, also accelerated depreciation and its resulting variations in net per share, and then takes up the various complex relationships between net percentages to dollars of sales for different companies in competitive lines of business. These are basic and elementary steps that competent investment firms are daily working out in their studies of investments as a prelude to an analysis of each individual's needs as to balance in the account between variables and stable assets (bonds, preferreds, commons, etc.) and such other fundamentals as proper industry diversification. Accordingly, I am amazed to see with what temerity certain people, who do not have the training necessary for such an analysis, rush right in and tell some helpless, but trusting, would-be investor, that they should make a certain move or not make it. Quite frankly, there has been so much harm done to many people who have gone to their friends, etc., for investment advice, that it is a wonder that any intelligent business or professional man would place both their friendship, and their reputation, in jeopardy by going out on a limb and prescribing a course of action that could lead to grave losses for their unsuspecting friends.

You wouldn't go to a doctor for legal advice if you had a serious legal difficulty, nor would you go to a lawyer if you were very ill and needed medical attention. If you need legal advice you would go to a lawyer, if you become sick you would get a good doctor, and if you want investment advice go to a competent full time investment man. Make sure you have a good man, then follow his advice. That's the way to talk to your customers when they suggest that they want to stray.

*Continued from first page*

# As We See It

increased—so that the faithful can be provided with things they would find to their liking, and large segments of the people be favored with thinly disguised subsidies. And the great rank and file, that is to say the lower income groups, must be excused from paying income taxes. The farmer must have his income guaranteed at liberal levels while the taxpayers bear the expense of getting rid of huge amounts of unwanted farm produce that may emerge in the process. Of course, unemployment benefits are never high enough in the eyes of political planners such as these, and so-called minimum wages are always in need of upward revision. It is conceded by implication at least that the present Administration has done a good job in offering inducements to the public to coin all sorts of things into money, but this group now insists that the public is entitled to some sort of guarantee that the good work will be kept up indefinitely.

**Lower Taxes, More Revenue?**

Once upon a time (in a sense, unfortunately) after we had returned to normalcy after World War I, reduction in Federal tax rates was followed by an increase in tax collections. Apparently no one ever forgets about this experience, and everyone is eternally certain that tax reduction would bring the same results again at virtually any time in practically any circumstances. Mr. Keyserling and his friends have not forgotten about it, either, although they prefer to cite certain Fair Deal experience to prove their point. At any rate, for them the way to reduce the deficit—perhaps to eliminate it—is to reduce taxes and increase expenditures! What a wonderful staging from which to launch a program of extravagance, of largesse, of giving large sums of other people's money to deserving ne'er-do-wells and the numerous individuals who had rather live in substantial part on the government than to adjust themselves to the economic situation of which they are a part!

Another of the popular misconceptions prevailing now as often in the past is the notion that a vast over-abundance of money and vanishing interest rates are somehow always conducive to general economic well-being. Many popular leaders through many ages have taken this notion as the text for many economic homilies. It was not, however, until the New Deal appeared upon the scene that the doctrine was so generally and so effectively put into practice. It failed to work any miracles during the 'Thirties, of course. In point of fact it succeeded not at all except to "bail out" many who had unwisely committed themselves during the orgy of the 'Twenties. But the doctrine has taken hold deeply and widely among many elements in the population. One is obliged to wonder if there is ever to be any real awakening in this matter, until disaster has overtaken us.

At any rate, "The Conference on Economic Progress" has made the notion its own. Doubtless these gentlemen are sincerely victims of this hoary old illusion, but one must not overlook the fact that it, too, helps to keep the general program of giving all things to all men on some sort of feasible level. A government desirous of spending almost without limit can feel much surer of finding the funds for the purpose if it has already tinkered with the banking system in such a way as to make an indefinite increase in the supply of funds seem almost a matter of routine. The struggle for independence of the Federal Reserve, independence, that is, from the Treasury, has ended in both becoming enslaved to an economic fallacy at least as old as John Law. It is this that Mr. Keyserling and his associates wish to be assured will continue indefinitely.

**They Must Be Taken Seriously!**

The unthinking may well ask why these suggestions be taken seriously. Why, if they are so obviously unsound, should there be any great danger that they will be accepted by the American people or adopted by the government of the United States? Can it be that the rank and file of the people of this country are not able to recognize the fallacies and indeed the serious hazards of such courses of action as are here proposed? The answer is to be found in the manner in which these proposals are laid out. It is not merely, or even chiefly, that the jingle of the guinea heals the hurt that honor feels, or at least it is not so simple as this old adage seems to suggest. It is rather that so many are placed in a position where they can not approach the program with a dispassionate mind.

The farmer, for example, has long been told various odd things about his operations and their place in the economic and social system of which they are a part. Many of these notions have their origins in the thinking of the Physiocrats a couple of centuries ago. The agricultural producer has, accordingly, come to suppose that almost anything can be justified so long as it tended to help the embattled farmer—since he is the cornerstone of economics and indeed of civilization. Add to that the fact that these proposals would for a time at least make life much easier for the farmer, give him many more of the comforts of life, and relieve him of a good deal of the drudgery, and, what is most important of all, give him a kind of security from economic ills whether or not he plans his operations with wisdom and foresight. It would be asking a good deal of a human being to expect him to look with cold, dispassionate eyes upon schemes which seem to do all this for him, or to ask what the effect upon the rest of the country will be.

And so the story goes. Several other elements in the population are similarly placed. That is why real danger lurks in these and similar proposals.

## Halsey, Stuart Group Offer Illinois Central Bonds

Halsey, Stuart & Co. Inc. and associates on July 30 offered $25,000,000 of Illinois Central RR. first mortgage 26-year 3¼% bonds, series G, dated Aug. 1, 1954 and due Aug. 1, 1980 at 99⅝%, to yield over 3.27%. Issuance and sale of the bonds are subject to authorization by the Interstate Commerce Commission. The group won award of the bonds on July 29 on a bid of 98.839999%.

The bonds will be redeemable at the option of the company at prices ranging from 102⅞% to par and at par for sinking fund purposes.

The net proceeds from the sale of the bonds will be applied toward the redemption on Sept. 1, 1954 of all of the company's $25,000,000 consolidated mortgage 30-year 4¼% bonds, series D, due June 1, 1982 at 105% plus accrued interest.

The Illinois Central RR. Co., incorporated in 1851, has never defaulted in the payment of principal of or interest on its funded debt. It has never been in receivership or bankruptcy or been required to readjust its capital structure.

## Sulphur Exploration Common Stk. Offered

L. D. Sherman & Co. is offering as a speculation 300,000 shares of common stock of Sulphur Exploration Co. at $1 per share.

Net proceeds from the sale of the stock will be used by the company for the exploration of its presently owned leasehold interests, the repayment of a loan, the acquisition of additional properties, and for other corporate purposes.

Sulphur Exploration Co. was incorporated in Delaware on April 19, 1954, for the purpose of acquiring sulphur interests in certain properties and to engage generally in the acquisition, exploration and development of surplur properties. The company has acquired a sulphur lease on Hockley Dome, near the town of Hockley in Harris County, Texas. The lease comprises in excess of 7,000 acres, with 2,200 acres situated on the Hockley Salt Dome.

## Vance, Sanders Adds

(Special to The Financial Chronicle)

BOSTON, Mass.—Kerry G. Sabanty has been added to the staff of Vance, Sanders & Co., 11 Devonshire Street.

## With Coburn Middlebrook

(Special to The Financial Chronicle)

WORCESTER, Mass.—Robert M. Aleknas and Raymond B. Sideckas have become associated with Coburn & Middlebrook, Inc., 287 Park Avenue. Mr. Sideckas was previously with Bonney & Moor, Incorporated.

## J. F. English Opens

(Special to The Financial Chronicle)

DENVER, Colo.—James F. English is engaging in a securities business from offices at 195 South Santa Fe Drive.

## E. L. Ferguson Joins Laird, Bissell Co.

PHILADELPHIA, Pa. — Laird, Bissell & Meeds, Lincoln-Liberty Building, members of leading stock and commodity exchanges, announce that Edwin L. Ferguson has become associated with them as a registered representative.

Prior to joining Laird, Bissell & Meeds, Mr. Ferguson was associated with Stein Bros. & Boyce. He entered the securities field in 1930 with Barclay, Moore & Co. and became affiliated with Stein Bros. & Boyce in 1942. Mr. Ferguson is a member of the Philadelphia Securities Association.

## Magill, Wareing Co. Formed in Houston

HOUSTON, Tex.—Magill, Wareing & Co. is being formed with offices in the Union National Bank Building, to engage in the securities business. William A. Wareing is a principal of the firm. He was formerly President of Bradschamp & Co.

## Puerto Rico Agency Reports Gain in Electric Energy Sales

Sales of electric energy by the Puerto Rico Water Resources Authority in May, 1954, totaled $1,496,667 compared with $1,342,165 in May, 1953. Carl A. Bock, Executive Director announced July 29. Sales of electric energy for the 11 months period ended May 31, 1954, totaled $16,343,122 compared with $14,736,943 in the corresponding period of the previous year.

There was a net gain of 1,148 customers for electric services during May, 1954, increasing the total to 227,063 compared with 210,515 a year earlier.

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

## With Allen Inv. Co.

(Special to The Financial Chronicle)

BOULDER, Colo. — Richard A. Hackstaff has become connected with Allen Investment Company, 1921 Fourteenth Street.

## Gibbs & Co. Adds

(Special to The Financial Chronicle)

WORCESTER, Mass. — Richard P. Brunell has become affiliated with Gibbs & Co., 507 Main Street.

Continued from first page

# The Stock Market Today and Tomorrow

possible. We are a nation of optimists. Usually before a setback most people are bullish and yet, after a decline, such as last September, public opinion is almost entirely cautious and often quite bearish. The public is a pretty fickle bunch and like sheep they seem to follow the leader. Some cynic has said that if you listen to all the optimistic predictions you hear and then do the opposite, you'll probably be right.

Little progress has been made over the years in attaining profitable forecasting accuracy. Psychology is the missing link. The mass action of people, as reflected in their changing mental moods, is one reason why statistics and economic figures often go far astray. So, psychology plays a most important role in determining security prices. I prefer to to make a talk when the psychology is unfavorable, not when optimism is as rampant as today. I have found over the years that economists, in forecasting business, have always been more bearish than others, and in forecasting the stock market, investment analysts have always been more bullish. They usually expect the market to sell higher than business justifies. What it all boils down to is that the majority of us are too optimistic at times, and at other times we are too pessimistic. We are also a nation of extremists. We wait for some of the clouds of uncertainty to clear up before we invest and when they are all cleared it is usually a bit late. For, by that time the market has probably discounted the favorable event. The trick is to endeavor to measure these psychological moods and time their various changes.

So I have been forced over the years to use charts as a sort of guide-post to keep my feet on the ground and to attempt to measure these psychological changes in mood. Charts are of real value as they enable you, to a certain extent, to fight shy of personal opinions and preconceived ideas, hopes and perhaps wishful thinking. They tend to keep you on the winning team and tell you when to leave and switch to the other side. In essence, they arouse the investors' suspicions that the most obvious interpretations of current events, both economic and business, may not be the right ones. If the market had followed business during the past 10 months there would have been no advance such as we have seen. Charts, like the groundhog, sometimes provide the shadow of things to come and do reveal what buyers and sellers are doing.

### Use of Charts

In using charts to interpret this psychology several things are important. First, you should not read into a chart something that isn't there. Swim with the tide. Do not fight a trend. Too many top-flight services have tried to fight this upward bullish market for the past 10 months. Second, you should not try to uphold or justify a previously expressed opinion if it turns out wrong—change to the winning side. No one is infallible. You are bound to make mistakes. Thirdly, and above all, do not join all the rest of the crowd who advertise and always tell people how right you have been. They know when you've been right without your advertising it, and they also know that you wouldn't express an opinion or write an article or make a speech or go to the office any more if you had always been right. So let your actions speak louder than your boastful references to past performance, unless you want to also mention all your errors. Above all, charts should be used only along with the constant study of the basic statistical and economic background behind the market. It's the combination of these two factors that pays off. Obviously no one can know well, all the up-to-date information on so many existing companies. I certainly don't. That is why we in our office have many security analysts—experts in their various fields to help us in our work.

I like to think of myself as a specialist along technical lines, and sometime back coined the word "securitician" for my type of work. I keep only about 400 charts and I do not believe that one should work on more than that, otherwise you cannot see the forest for the trees. After studying about 47 different chart methods, I also believe that too many different types of charts or chart methods are bad, for one will many times contradict the other. You can never reduce to a mathematical formula anything so variable as the buying and selling of securities motivated by different opinions. The securitician not only examines the psychological state of mind of the investor and the relative buying and selling pressures that occur daily on the tape, but also he studies economic and company reports. Coupled with a little horse sense and a little luck he thus becomes a correlator of all factors that go into making a definite forecast on a price movement.

To be a qualified time-tested securitician he must have had many of his forecasts go wrong. He must have missed a lot of putts, and he should tell his clients frankly when and if he makes a mistake. Unfortunately he doesn't often do this. You cannot learn to be a securitician in a hurry. You must first analyze the economic trends going on around you. You must be a constant reader and try to keep abreast of, not only the business news, but all phases of international affairs as they may affect the market. For background in arriving at any conclusion the securitician must have a general knowledge of the economic picture.

### Inflationary Purchasing Power

I am no economist but as I see the picture today, we all know that the Federal Reserve for the second time in 12 months has created a lot of new purchasing power. This money supply stands close to an all-time high. Interest rates are low and may be lower, and if all this available credit and money is not used for the expansion of business then some of it is going to overflow into the securities market. Major bull market tops have been preceded by deflationary measures in money market by Federal Reserve—by from six weeks to nine months. This does not seem likely to happen for some time. The government by these recent moves has created a more favorable and friendly background for business. This was most important and well timed on their part to turn a recession around, and it was also perhaps a good political move. The public doesn't like deflation and won't accept it. Finally, there is also a greater confidence existing today that we will have permanent peace, and the cease fire in Indo-China would seem to confirm this.

Quite apart from this important money move there is a budget deficit again this year of about $4 billion which, although less than last year, makes it look as though the budget will be in the red again next year. All this adds up to another round of inflation. Incidentally, the inflation that we have pumped into the economy for the past 20 years has never been truly reflected until recently in the stock market. We must not forget the dollar has depreciated nearly 50% over the last 10 or 15 years and is likely to continue to shrink in the years ahead. As a result of this monetary policy and its attendant inflationary move, we now notice a very definite business improvement all over the country. Earnings for the first half so far announced have been quite favorable. The Federal Reserve Production Index now 123 is expected to move up to about 125 by October. Construction and home building figures are impressive—electric power output has been rising, car loadings improving, excess inventories in television are settling down to a more normal relationship to consumer buying as they are in many other lines. The low point in the recession in such industries as textiles would appear to be about over. Liquid savings are increasing. Families are saving more money this year. Consumers are buying again as evidenced by the pick-up in retail sales. The business economy is likely to be well maintained by military spending for years to come. Right now, the government is contracting for about $2 billion of new orders a month. The pendulum is swinging to the optimistic side.

As against these favorable factors we must be realistic in recognizing that many industries—especially the auto, refrigerator and other nondurable goods manufacturers—have still work to do in clearing up some of their inventories. Costs have been going up and individuals like you and me have a higher break-even point after taxes and debt, just as the big companies have. Price pressures in this keenly competitive economy are affecting us with every rise in the price of food, subway fares in New York City or a golf ball—even golf tees cost more. So it also affects the big companies. Steel hikes its wages under pressure from the unions and yet the car manufacturers still have to keep their price down to meet the price demand. The inevitable result—a squeeze in profit—is taking place and we must constantly keep an eye on the earning power of corporations today more than ever before. It is quite apparent that there is no real justification for a great increase in net profits during the next six months, but we can be pretty well assured that earnings for 1954 will not be too much lower than 1953.

### Different Stock Groups

Now, after examining some of the economic and business background briefly, we come to the most baffling and difficult correlating job of the securitician. We have in the market today about 50 different groups of stocks divided up about as follows:

(1) Stocks that are at all-time highs.

(2) Stocks that have not done anything for a long time except fluctuate aimlessly in historically low zones and are not vulnerable.

(3) Stocks that have made their highs several years ago, like the textiles, drugs, and liquors and until recently have been in a continuous downward trend.

### The "Analyst's Delight"

This might be called a different kind of bull market than any one that we have ever yet experienced. But every market is different and this one since 1950 has been the most highly selective one in history. Many call it the "analyst's delight." Today we have the averages selling in new high territory since 1929, yet within that same framework we have about 50% of the stocks selling below their 1946 peaks of the 212 Dow Industrial averages. The market is not moving as a unit as it did 10 or 15 years ago, and that is one reason why we must all answer the question, "Do you think the market is too high?" Yes, the market is high but—It is that "but" which refers to many individual stocks that are still very obviously behind the market and makes it so difficult to answer the question clearly. If we take the Dow averages as an old yardstick of measurement, we find that these averages are selling about 11 to 12 times earnings. Yet, in 1946 these averages sold at 26 times earnings, in 1937 at about 17 times earnings and 1929 about 20 times earnings. While we can carry this comparison further, we can say that if the same price-earnings ratio now held good, then these same averages should be headed for somewhere between 450 and 500 Dow-Jones.

But, this would only be one-half of the story. Until recently this has been a high priced stock market led by a handful of about 150 stocks, and the price-earnings ratio in many of these better grade issues traded in today is now at the same level as in the prewar period. Yields on many of the leading stocks are today less than 3%. Indeed, there are many high grade bonds selling to yield about the same as these high grade stocks today. Perhaps the price of some of these high priced issues suggest a reluctance on the part of the investor to sell rather than an eagerness to buy. However, on an overall basis, stocks today still provide a return of about 2½% more than high grade bonds.

### Doubts About Past Performances

It seems as though we really cannot truly judge the marekt on past price-earnings relationship performance. Lots of new factors such as increased taxes have entered the picture. The yields on the overall Dow-Jones averages are still about 5% with many stocks yielding 6% or more. In the three preceding market tops just mentioned, the yield at the top in 1946 was 3.23, in 1937 it was 3.70 and in 1929 it was 3.30. Thus, the market is not selling on a yield basis that historically has marked over-valuation and major market tops. It also seems to me that we can do no more than keep this yield relationship in the back of our minds and not judge them too strictly on past historical performances.

Aside from the matter of yields, many stocks offer greater value today than in previous periods because of the large sums that have been plowed back into property. This fundamental improvement has found, until recently, little reflection in price because investors, ever since 1946, have lived in constant fear of a post-war recession. Many stocks are selling below their working capital—a classic example is Montgomery Ward. Also, don't forget that in the last 10 years the average dividend pay-out from earnings was 57% to 59%. It used to be 67% to 70%. U. S. Steel, for example, has paid out only about 50% of earnings.

As I look at the market today from the standpoint of a securitician, I find the market composed of many industrial groups having little bull or bear or neutral market action within the framework of the big market. Even within the groups I find great divergencies existing in individual stocks. For example, look at the rails with the averages selling at a new high, yet with Northern Pacific, Southern Pacific, Chesapeake & Ohio, Pennsylvania, and St. Louis San Francisco selling not far from their lows. With the chemical group selling at new highs, American Cyanamid, Air Reduction, Heyden Chemical and Commercial Solvents are selling near a bottom area. Even the steel group shows great differences in price action with Sharon, Wheeling, Allegheny Ludlum, Crucible and Jones & Laughlin selling at relatively low levels.

It is also true that there has been a continued demand for the higher priced stocks over 40 and 50 and earning $6 and $7 a share. Yet, there are many good stocks selling at half the price which are likely to have earnings for 1954 about $4 or $5. Stocks like American Machine & Metals, Mueller Brass, E. W. Bliss, Niles-Bement-Pond and many others. These stocks have been neglected. The only answer to this is that the public, until recently, has lost interest in the secondary stocks and seeing that these stocks will not move have sought top quality.

While the securitician finds no justification for real pessimism or any danger of a real recession in the business outlook, on examination he does find many conflicting technical patterns that make it very difficult to arrive at any definite conclusion as to the stock market as a whole. Besides, internally the market appears strong, free from real speculative excess, with the largest short position in 20 years and the relatively minor increase in debit balances and large increase in credit balances compared with the 33% rise in the Dow-Jones averages over the past 10 months. However, I will try to present to you today as definitely as possible, what I believe the picture unfolding before us reveals.

Some very astute advisor once told me, "Don't ever prophesy. If you prophesy wrong, nobody will forget; if you prophesy right, no one will remember it." Any general prediction necessitates the use of an average which to my way of thinking is most unfortunate. This is particularly an unsatisfactory way to forecast with so many diverse elements in our economic picture resulting in so many different patterns existing in individual stocks. However, I have no other alternative than to use the averages, so I will revert to the old Dow-Jones Industrials.

I have several market reasons for believing that these Dow-Jones Industrial averages are in a slow process of reaching a temporary top area during the next month or two. This has been an amazing advance since last September, particularly because there has been no real secondary correction of any importance since it first began. There are certain historical precedents for an advance of this kind which do not seem to be generally recognized. Twice within the last 12 years similar price action has taken place. The bull market that started in June 1949 ran for about a year before a serious correction took place. The bull market that began in 1942 ran nearly 14 months before it had a substantial reaction. Thus, by historical analogy, the present advance which so far appears similar, could carry into late August or September.

### Technical Position Weakened

I believe that many of the higher grade quality stocks have reached about as high as can be projected, and while there is no evidence of important distribution as yet, I believe that deferring purchases in many of these stocks or even selling a few on periods of strength during the period ahead might be advisable. The advance in some of these stocks has served to weaken the market's technical position. There is another seasonal reason for believing that the market might run into trouble in late summer or very early fall. In the last 50 years reactions in late August or September have occurred in two-thirds of those years. Furthermore, the uncertainties of an election year could well be the excuse for such a reaction if any excuse is really needed after a straight line uncorrected advance So, I would be on the look-out and get ready for such an intermediate setback within the next month or six weeks, and perhaps put some "hay in the barn."

At this moment it is almost impossible to answer the $64 question as to how far any such reaction should carry. This is because it is almost impossible to pin-point the action of the averages composed of so many divergent price trends. This is also because important distributional patterns have not had enough time to form from which a definite measurement of any downside objective can be projected. It would not be surprising however, for the Dow Industrial averages to test out the 315-320 area which was reached last June, and possibly react slightly lower before the fall sets in. In any case, it must be remembered that it takes considerable time to form any major bull market top formation and any late summer or early Fall interruption or correction would certainly not mean the end of this bull market.

Now, I want to make one thing perfectly clear again, and that is that when I talk about reaction, I am talking about the Dow-Jones averages which are largely composed of a lot of high priced stocks — I am not talking about individual groups of stocks or individual stocks—I am using that "but" again.

During the early part of such a distribution phase, some of the relatively backward shares may become more prominent marketwise, while the previous market leaders churn about near their highs and form a more extensive distributional pattern, while others show substantial upside activity. There is plenty of room in this broad bull market for new leadership even now that will out-perform the recent leaders. The public may have lost patience with many of the lower and medium priced stocks, but many look quite interesting right now. There are lots of individual markets operating within the big market as I said before, and each group seems to be operating in a price cycle all its own. All stocks never seem to make the top at once. For example, in recent weeks the oils and tobaccos reacted and the airlines, aircrafts, textiles and steels have gone up. Therefore, in making any prediction it would be very unwise to sacrifice a position in a good stock that indicates much higher levels later on. Even in the June setback, you will remember that many individual issues reacted only one-half point or a point and then reached new highs.

We must also constantly remember that the main force pushing stocks up and keeping them steady on any setback is institutional investment. They pick the leaders in the field and buy on a scale down. It is estimated by the Federal Reserve Bank that pension funds have assets of $17 billion and are accumulating stocks and bonds at an annual rate of $2 billion or more. I understand one New York bank has available $2 million a week to put into the market. It follows that a large number of blue chips have been taken out of the market, resulting in a shrinking supply, and these stocks are in strong hands. Such possibilities should not be overlooked. As a matter of fact, I secretly feel that it is this continuous buying that has been the cause of throwing out of kilter some of the very scientific mathematical devices used in forecasting the market.

**Survey of Individual Groups**

Now having reviewed some of the economic business background and forecast on the averages in this almost two-way market, let us get down to cases and discuss individual groups. I will try to be as specific as possible in what I see ahead for these individual groups, and I know from past experience in going back over some of my other talks that there will be many missed putts, and that you will remember the ones that rim the cup more clearly than the ones that drop in.

**Aircrafts** — All stocks in this group have risen 65% since last September and some are at extremely high levels, and while there is no technical evidence of important distribution, I believe that stocks such as Douglas, United Aircraft, North American and Boeing are reaching about as high as can be projected for the present. Grumman and Lockheed on the other hand both indicate higher levels later on and should be purchased on minor setbacks of one or two points. Hold all stocks in this group.

**Airlines**—All the airline stocks are in a strong technical position and indicate substantially higher levels for the long trend. United and Eastern should recover above 30 again and American Airlines as high as 18. TWA should cross 20 and Pan American should reach a price of at least 17-18. There is a good possibility of Capital Airlines rallying up to the 14 level.

**Retail Trade and Department Stores**—Most of the stocks in this group indicate higher levels this Fall. Believe Gimbel will sell above 20, Associated Dry Goods at 28-30, Federated Department and Allied Stores above 50, Marshall Field at 37-38 and even a stock like Montgomery Ward is projecting a price between 75-80. This is one of my favorite groups for attractive yields and slow price appreciation.

**Drugs** — This group is selling considerably below their 1946 highs and appears to be in a long term oversold area. Stocks like Parke-Davis, Merck, Abbott Laboratories and Pfizer look low enough. So far they have not shown any definite signs of important price appreciation but they are being quietly accumulated. For the time being new purchases might be delayed.

**Steels**—Still no top indication in this group and higher prices are indicated: U. S. Steel between 55 and 60, Bethlehem Steel 80-85, Republic 65-70, Youngstown 55-60 and Armco 53-55. Should these prices be approximately reached, would temporarily advise lightening position. Jones & Laughlin also looks interesting for a price of over 30.

**Textiles**—Low point in this industry has been seen. Sales for balance of year should pick up. Many stocks indicate higher levels. American Viscose (35) about 45-47, Lowenstein (38) 50 plus, Celanese (21) 25 to 28, J. P. Stevens (25) above 30 again. They should be picked up on periods of reaction of one or two points and patience should be well rewarded.

**Building** — Even though the stocks in this group have shown substantial price increase, there is no indication that the majority of these shares have reached more than a temporary resistance area on the way to higher levels. For example, the following stocks appear interesting for higher levels: Flintkote (33) 40-42, Pittsburgh Plate Glass (56) 65-70, American Radiator (18) 22-23, Celotex (22) 28-30, Certain-teed (18), should reach at least 25-26 and National Gypsum (32) 35-40. Would advise holding position in these stocks through any minor setback. The **Cement** stocks have discounted improving business for some time ahead. May be held, but new purchases should be delayed. Advise caution.

**Motion Picture**—This group also has a strong technical pattern indicating higher levels. Loew's for example, indicates a price of 20 and Twentieth - Century - Fox seems like an excellent buy for a price of 28-30, Warner Bros. should carry above 20. Paramount should reach close to 40. All these stocks appear to be good buys on minor dips of a point or so.

**Electronics** (Radio & Television) —These stocks at the present time indicate higher price levels. Philco (37) should reach 40-42; Zenith (73), a candidate for split, 78-80; Admiral (25) 27-28 and Radio—temporary resistance 32-33, but stock should be held for a longer term price appreciation of 40; Motorola (43) for 50-52 and Raytheon (12) for 14-16. Sylvania is one of my favorites for long-term appreciation above 50. These stocks should be held through any temporary reaction and for approximately the levels submitted.

**Metals**—Still look a little higher. Anaconda (39) should reach a price of 44-45; Phelps Dodge (40) 43-44; Inspiration Copper (28) for a new high of over 30. Kennecott (85) between 85 and 90 looks a little high. Would wait for a reaction in this stock to mid 70's before making any purchases. St. Joseph Lead (37) appears like a good purchase if available around 35-36 for a 10 point appreciation.

**Electrical Equipment** — The leading issues in this group should be held for long-term growth. It is hard technically to project much higher levels than 48-50 for General Electric and 75-80 for Westinghouse. Square D at 38-40 also looks high enough. Would advise waiting for setback before adding to position in this group.

**Air Conditioning** — Another long-term growth group. Carrier is the leader, but would not advise new purchases unless available in the lower 50's. York 24 and Fedders 14 have longer term strong technical patterns. Trane (65) is also favored as a leader in the field.

**Utilities**—Electric utility stocks are entitled to sell for less than a 5% yield in view of the 3% money market. The action of these stocks has not been impressive, but they appear to be in a slow, sluggish uptrend. Stocks like Duquesne Light, Kansas City Power and Light, Montana Power and Central & South West will benefit from rate increases.

**Rubbers** — The rubber stocks have had a substantial upward move and basically long term position should be held. However, it is difficult to project much higher levels for some of the leading rubber stocks at this time. While no important distribution has taken place as yet, would not advise new purchases at current high levels.

**Papers** — Paper issues have reached levels of temporary overvaluation, and while there is also no sign of distribution as yet in the leading issues, would advise caution about buying at these high levels. Understand paperboard backlogs are dwindling. Later, stocks such as St. Regis Paper should perhaps reach a long term objective of 35-40; International Paper should have difficulty reaching much higher than 80-85. Union Bag and Paper points higher.

**Autos**—As a leader in the industry, General Motors has outperformed the rest of the stocks. While no distribution is evident, a price objective between 80-85 is about as high as can be projected at present. Chrysler on the other hand, looks like it is in a buying range between present price and 58-60. I am projecting price of at least 75-80 on this stock at a later date, and recommend purchase on any further price weakness. Studebaker also looks undervalued at this 17-18 level and should recover to the 25-27 zone over a period of time. You may have to be patient in buying either Chrysler or Studebaker, but I believe that such purchases will work out profitably.

**Chemicals** — This is known as the premier growth industry and the most diversified of all industry groups. Some of the higher priced leaders such as Allied Chemical, Union Carbide and du Pont are showing some signs of resistance and distribution, and seem to be generously priced. I have a long term objective on Dow Chemical of at least 50 so that any reaction in that stock should be well supported at 38-40. Some of the lower priced chemicals, American Cyanamid, for example, has a strong pattern for an upward move above 60; Air-Reduction (26) should reach above 30 again, and Commercial Solvents (18) close to 25. International Minerals & Chemical (33), Food Machinery (46), Mathieson (46) all should be held for higher levels. Victor Chemical (39) also has interesting growth possibilities.

**Oils**—The oils are a very controversial group at this time. Technically no great price advance is indicated at present levels and some further setback seems probable in the next month or so, for very obvious well-known fundamental reasons. So far there has not been important distribution in this group so there is no seriously weakened technical position. To be more specific—I believe the oils are right now discounting some of these unfavorable factors and should recover after a longer period of price irregularity. The following prices are as low as can be projected on leading stocks in this group and may not be reached: Pure Oil 52-53, Gulf Oil 48-50, Sinclair 36-37, Socony 38-39, Standard Oil of New Jersey 75-80, Cities Service 85-90, Standard Oil of California 53-55 and Union Oil 39-40.

**Tobaccos** — Tobacco issues for equally wel-known reasons have sold off sharply and, from a technical angle alone, any recovery should be very limited. On a value basis the stocks are cheap, dividends are secure, but psychologically this group will not attract investment buying by the trust or banking institutions. For the present would advise withholding new purchases in this group. Of the group, prefer American Tobacco and Reynolds.

**Farm Equipment**—Lower farm income has affected the prospects of these stocks. However, the leading stocks in this group have been slowly accumulating for higher prices for some time. Particularly favored is the technical pattern of Deere & Company for a price advance to the middle 30's and for Oliver Corp. back to the 15-16 level. International Harvester also looks like a good long term investment stock to buy on minor dips to the 29-30 level for slow price appreciation back to 35-40.

**Foods**—Hold this group. Price appreciation appears limited. Because profits are expected to be well maintained, this group should be bought on minor setbacks for defensive purposes. In the can division, American Can and Continental are selling a little too high for new purchases. Expect reaction in these two leading issues of several points. Chain store grocery stocks also should do well and are recommended for defensive holding. Some, like Food Fair and Safeway, seem a little high at present levels.

**Rails**—The rail group, as pointed out, is also a highly selective group with a changing profit outlook for each different road. While many of the issues have reached peaks for many years, there is no indication of any major distribution. Purchase on moderate setback is recommended, especially in Atlantic Coast Line, Southern Railroad, Western Pacific, Great Northern new, among the higher priced issues, and Baltimore & Ohio, Chicago Great Western and St. Louis San Francisco in the lower priced issues.

As stated above, one of the reasons why I haven't been able to get bearish on the market for so long is because so many of the lower and many other moderately priced stocks, not in the Dow averages, are still technically in a very strong position; have not exhausted their longer term potential and you still are not paying too high a premium for them at present levels. An examination reveals that through the period from the 1946 highs to 1953 only about 28% of the listed stocks on the big board have made new highs this year. That leaves a rather large field of 72% of the list to check over very carefully. Remember you do not buy the averages any more, you buy individual issues.

**Miscellaneous Issues**

In addition to the stocks mentioned in the various classifications, I am interested in the following issues for further price appreciation: Ratheon (12); General Cable (15); Pepsi-Cola (15); Certain-teed (18); National Distillers (19); Remington Rand (20); Solar Aircraft (20); International Telephone & Telegraph (21); Celotex (23); Filtrol (23); Master Electric (23); Standard Packaging (23); Ferro (24); Robert Gair (25); Pittston (26); Robertshaw Fulton (26); Fairchild Camera (27); General Railway Signal (30); Garrett (33); Joy Manufacturing (33); Western Union (44); Link Belt (45); Timken Roller Bearing (47); and Western Auto Supply (49).

In closing, I know that I will rue the day when I stuck my neck out and gave you so many specific recommendations, but I hope that in this basket of fruit there will not be too many lemons.

## Central of Georgia Equip. Ctfs. Offered

Halsey, Stuart & Co. Inc. and McMaster Hutchinson & Co. on Aug. 4 offered $2,655,000 of Central of Georgia Ry. series Z 2⅞% equipment trust certificates maturing annually Aug. 1, 1955 to 1969, inclusive. The certificates are priced to yield from 1.50% to 3.05%, according to maturity.

The issue is to be secured by the following new standard-gauge railroad equipment estimated to cost $3,325,660; 500 50-ton Box Cars. Issuance of the certificates is subject to the authorization of the Interstate Commerce Commission.

### With King Merritt

(Special to The Financial Chronicle)

DETROIT, Mich. — Joseph F. Deacon has joined the staff of King Merritt & Co., Inc.

### Paine, Webber Adds

(Special to The Financial Chronicle)

DETROIT, Mich. — George W. Splane is now with Paine, Webber, Jackson & Curtis, Penobscot Building.

### Prescott Adds to Staff

(Special to The Financial Chronicle)

CLEVELAND, Ohio—Mrs. Ruth S. Jett has become associated with Prescott & Co., National City Bank Building, members of the New York and Midwest Stock Exchanges.

### The Ohio Co. Adds

(Special to The Financial Chronicle)

COLUMBUS, Ohio — Robert E. Bartels has been added to the staff of The Ohio Company, 51 North High Street.

### With Francis I. du Pont

CHICAGO, Ill. — Francis I. du Pont & Co., 208 South La Salle Street, announce that Warren J. Weber, formerly with A. G. Becker & Co., Inc., has become associated with them.

### With Aubrey G. Lanston

(Special to The Financial Chronicle)

CHICAGO, Ill.—Frank E. Loring has become affiliated with Aubrey G. Lanston & Co., Inc., 231 South La Salle Street. He was previously with A. C. Allyn & Co.





# Mutual Funds

By ROBERT R. RICH

**A 12-MONTH INCREASE** of $82,500,000 in the resources of the Wellington Fund was reported this week to shareholders.

The increase boosted total net assets to $335,151,632 on June 30, last, gain of $54,257,419 over the Fund's asset position of $280,894,213 on Dec. 31, 1953, and $252,483,390 on June 30, 1953.

Throughout the 12-month period Wellington added shareholders at a record rate of upwards of 1,400 a month to bring the total on June 30, last, to an all-time high of 125,000, including many institutions, located in all of the 48 states and in 25 foreign countries.

The report listed some 315 securities in Wellington's portfolio as of June 30, 1954, with 63% of total assets in common stocks; 24% in bonds and preferreds; and 13% in governments and cash. At the start of 1954, the Fund had 57% of its assets in commons.

The report gave this review of the common stock position: "Your management increased common stocks moderately early this year when it appeared that most corporate earnings and dividends were holding up well.

In following a slightly more aggressive policy, the fund added to holdings of common stocks in basic industries and reduced several lower-yielding food and electric utility stocks.

New investments and additions were made in selected stocks of automobile, agricultural machinery, nonferrous metal, railroad, rubber and steel companies whose dividends are well covered by current earnings.

Increases were made in some of the leading crude producers and integrated oil companies, while reductions were made in other oil stocks with less favorable prospects.

Several changes were made in building stocks to adjust for the changing outlook in individual companies.

Some low yielding electrical equipment stocks were eliminated or cut. Selected ethical drug stocks were sold in anticipation of increased competition which may adversely affect their earnings."

Summarizing shifts in the holdings of senior securities, the report recalled that last year when interest rates were higher, Wellington had increased its backlog of government bonds, good grade corporate bonds and preferred stocks from 33% of resources at the beginning of the year to 42% at the year-end.

"As a result," shareholders were informed, "your fund benefitted from the rise in senior securities last Fall and this year, when interest rates were eased." Since the first of the year, the report continued, "the fund has sold several convertible bonds and other low yielding issues."

**CENTURY SHARES** Trust, an open-end investment company specializing in insurance company and bank stocks, reports total net assets of $41,755,496 on June 30, 1954 compared with $36,018,564 on Dec. 31, 1953.

The current semi-annual report of the Trust states that net asset value per share at the close of last month was $20.21 against $16.96 six months earlier, and adds:

"If the capital gain distribution paid on Jan. 28, 1954, were added to the net asset value on June 30, 1954, the increase for the six months would be 20.64%."

Pointing out that the latter distribution, of 25 cents per share, was paid either in cash or in shares of the Trust, at the shareholder's option, the report notes that over 67% of the distribution was taken in additional shares.

Commenting on the current position of insurance and banks stocks, the Trustees observe that:

"The volume of business of the fire and casualty insurance companies during the first six months of 1954 appears to have surpassed the similar period of 1953 and underwriting profits also compare favorably with the previous year. The life insurance companies continue to experience substantial growth in business written. The banks in general, both in New York and in other cities, are reporting moderately higher earnings than in the same period of 1953."

**EATON & HOWARD** Stock Funds 1954 Semi-annual Report shows asset value per share of $14.69, up 21% over $12.08 per share at the beginning of year—with both figures adjusted for the 2-for-1 stock split on June 30.

Total value of the fund on June 30 was $27,354,779, up from $20,860,870 at the beginning of the year. Shares outstanding total 1,862,698 compared with 1,726,902 and the number of shareholders 5,727 compared with 5,865.

On June 30, 92.9% of the fund was invested in 100 stocks representing 27 different industries; 7.1% was in short-term notes and cash. The largest stock holdings by industries were oil (11.6%), power and light, and insurance (9.8% each), chemical (6.4%), and banking (5.9%).

Changes in investments during the second quarter of 1954 included the addition of the following common stocks: Commonwealth Life Insurance, Eli Lilly and Co., class B, Harbison-Walker Refractories, Lily-Tulip Cup, Panhandle Eastern Pipeline, Puget Sound Power & Light, and United States Steel.

Eliminated were holdings of American Enka, Federated Department Stores, National Distillers Products, Philip Morris and Reynolds (R. J.) Tobacco.

**DIVERSIFIED** Growth Stock Fund, Inc., sponsored by Hugh W. Long and Co., reports a 21.3% increase in net asset value per share, from $7.23 to $8.77, between Nov. 30, 1953 and June 30, 1954, the period covered in its Report to Shareholders. The interim report covers seven months, and reflects a change in the fiscal year-end from Nov. 30 to Dec. 31.

Total net assets on June 30, 1954 were $9,299,380, and the number of shareholders, 5,727.

According to the report, more than 70% of the Fund's assets on June 30 were invested in the chemical, drug, electronics, instrumentation, oil and gas industries.

Thirteen of its 51 investment holdings were in companies involved in atomic research or in allied fields, in addition to their other lines of businesses.

These investments are common stocks of American Cyanamid Company, Beckman Instruments, Inc., Calumet & Hecla, Inc., Consolidated Engineering Corp., Dow Chemical Co., Hooker Electrochemical Co., Kerr-McGee Oil Industries, Inc., Merck & Company, Inc., Monsanto Chemical Co., National Lead Co., Radio Corporation of America, Tracerlab, Inc., and Union Carbide & Carbon Corporation.

During the seven months the management of the Fund disposed of its investments in shares of banking institutions and of two of its public utility investments. Added to investment holdings were Calumet & Hecla, Inc., and Sprague Electric Co.

**REGISTRATION** of the $47 million Television-Electronics Fund for distribution in the Hawaiian Islands was announced by Paul A. Just, Executive Vice-President of Television Shares Management Corporation, sponsors of the Fund.

## Two-thirds of ITS Exchanged for Delaware

W. Linton Nelson, President of Delaware Fund, announced that two-thirds of the shareholders of Independence Trust Shares, a fixed investment trust, have exchanged their holdings for new shares of Delaware Fund and that the offer of exchange has been terminated.

Mr. Nelson said that a total of 90,000 new shares of Delaware Fund had been issued under the exchange offer made available to ITS shareholders with the endorsement of its sponsors and officers over the past two and a half years.

The exchange was on a net asset basis without cost to ITS holders. Prior to the exchange offer, ITS had approximately $2,500,000 in assets with 1,013,000 shares outstanding. It is now in process of liquidation. Delaware Fund, an open-end mutual investment company, has assets of upwards of $20,700,000.

# Vance, Sanders Promotes Three To General Partners' List

A. H. Haussermann

Dickson Smith

Ted C. Willson

Arthur Haussermann, Dickson Smith and Ted C. Willson have been admitted as general partners in the firm of Vance, Sanders & Company, effective as of Aug. 1, it is announced by Henry T. Vance, senior partner of the firm, which is principal underwriter for six mutual investment companies, including Massachusetts Investors Trust and Boston Fund.

Haussermann and Smith will continue with the company's head office in Boston. Willson is a representative of the firm in the West Coast area.

A graduate of Harvard College in 1938 and Harvard Law School in 1941, Haussermann served as a Special Agent of the Federal Bureau of Investigation from 1942 to November, 1945, and was associated with the Boston law firm of Haussermann, Davison & Shattuck thereafter until joining the Vance, Sanders organization in September, 1952. He is assistant to the President of Boston Fund and Canada General Fund. His home is in Wellesley, Mass.

Smith has been associated with Vance, Sanders since January, 1946 and represents the firm in contacts with investment dealers in New England and northern New York State. Prior to his present connection, he served with the United States Navy from 1942 through 1945, attaining the rank of Lieutenant Commander. A graduate of Harvard College in 1936, he is a resident of Wellesley Farms, Mass.

Willson, a graduate of the University of California (Berkeley) in 1939 served as a pilot in the Navy's aviation branch during World War II. Thereafter, he was associated with the Los Angeles office of Mitchum, Tully & Company for two years prior to joining the Vance, Sanders organization in 1947. His home is in Piedmont, California.

# National Deflates Market Level

Current stock market prices "are not high" when compared to the 1929-1954 ratios for the various economic indices, National Securities & Research Corporation says in a newly-published study, "Is the Market High?".

In answering the currently controversial question concerning market values, the study calls attention to the numerous safeguards built into the national economy, providing a greater market foundation than existed in 1929.

The analysis finds that while current market averages are reaching close to "the peak levels of historically high prices, the thermometer of trading volume—which may be used to register the degree of speculative fever—is well below the danger levels of those summer days of 1929."

"It must be regarded as a corollary," the study adds, "that the present level of prices does not seem to be built upon the unstable foundation of widespread, ignorant and weak public participation

—if this volume of trading is any kind of reliable thermometer."

Many investors are keeping "their eyes glued to the price level alone—and they tend to neglect what supports that level," the study states. These factors, or supports, include peak earnings and dividends; insurance of bank deposits; an "alert scrutiny of brokers' loans and credit in general"; unemployment insurance; farm supports and strict regulation of stock market operations by so-called insiders; personal and national income, and personal, private and government expenditures.

"But underlying all these," the study says, "are the solid supports created by one factor alone—the tremendous increase in population. We must now fill the demands and desires and needs of about 40 million more people than existed in this country 25 years ago."

National Securities translates this population growth into terms of meaning that "about 50,000 new customers are being created each week . . . the annual growth of population in 1953 was larger than the total population of 28 states as established by the official 1955 census . . . that for each point on the Dow Industrial Average today we have the needs of a population of 486 thousand as compared with the demands of a population of 319 thousand for each point of the average at its high point in 1929."

Gross National Product in the first quarter of this year was running at the seasonally-adjusted annual rate of $357.8 billion, which compares with a total of $103.8 billion for 1929.

Pointing out that by 1975 we should reach an estimated population of 200 million, the study finds the Gross National Product could possibly double in this period to attain a total of $700 billion.

"This should support a labor force of about 88.5 million and may result in per capita earnings of about $3,200 as compared with $1,860 in 1952," the study predicts.

In correlating market prices with industrial production as measured by the Federal Reserve Board Index (1947-49 equals 100), the study finds that for each point of industrial production in 1929 there was the equivalent of 6.25 points in the Dow Industrial Average at its high. The same index for May 1954 indicates that there are only 2.66 points of Dow market price now prevailing for each point in the production index.

If the Industrial Average today were capitalizing each point of industrial production at the peak 1929 ratio, the study then concludes, the Dow Industrials would be selling for 781.25 instead of the current 340-level.

The study ends on a note of caution, however, calling attention to the fact that as in any natural phenomenon the stock market will have its periods of pause, adjustment and resistance.

# Joint Committee Organized by NALU & NAIC

Appointment of a Joint Committee representing the investment company business and the field forces of the life insurance business was announced Monday in a joint statement by the National Association of Life Underwriters and the National Association of Investment Companies.

The 12 man committee, six representing each organization, will study areas of mutual interest and concern and will develop a program designed to increase mutual understanding of the operations, objectives and services of each business.

The Committee's appointment followed a luncheon meeting in Boston on Wednesday, July 28. This luncheon, attended by representatives of each business and by guests from various life insurance company home offices in the New England area, was arranged on a cooperative basis by leaders of both businesses.

Attending the meeting on behalf of the Life Underwriters Association were:

Lester O. Schriver, Managing Director, National Association of Life Underwriters.

Wilfrid E. Jones, Director of Public Relations, NALU.

Carlyle M. Dunaway, Counsel, NALU.

David B. Fluegelman, Past President of NALU and Chairman of its Committee on Group Insurance, New York.

Harry K. Gutmann, President, Life Underwriters' Association of the City of New York.

Benjamin D. Salinger, President, New York State Association of Life Underwriters, New York, N. Y.

Robert B. Reno, Jr., Member, NALU Committee on Group Insurance, Chicago, Ill.

Those representing the investment company business were:

Dorsey Richardson, Chairman of National Association of Investment Companies and Vice-President of Lehman Corporation.

John M. Sheffey, Executive Secretary NAIC.

Edward B. Burr, Director of Public Information, NAIC.

Harold K. Bradford, President, Investors Mutual, Inc., Minneapolis.

Robert E. Clark, Vice-President, Calvin Bullock Company, New York.

Charles F. Eaton, Jr., Trustee, Eaton & Howard, Inc., Boston.

Albert R. Hughes, Lord, Abbett & Company, New York.

William M. Hunt, The George Putnam Fund of Boston.

William A. Parker, Chairman, Incorporated Investors, Boston.

Dwight P. Robinson, Jr., and George K. Whitney, Trustees, Massachusetts Investors Trust, Boston.

S. L. Sholley, President, Keystone Custodian Funds, Inc., Boston.

Morris M. Townsend, Vice-President, Axe-Houghton Funds, Tarrytown, N. Y.

Henry T. Vance, Partner and Arthur H. Haussermann, Counsel, Vance, Sanders & Company, Boston.

Joseph E. Welch, Executive Vice-President, Wellington Fund, Inc., Philadelphia.

Guests from the life insurance home offices and from industry-wide associations were:

Holgar J. Johnson, President, Institute of Life Insurance, New York.

Charles J. Zimmerman, Managing Director, Life Insurance Agency Management Association, Hartford, Conn.

Julian S. Myrick, Chairman of the Board, American College of Life Underwriters, New York.

John Hancock Mutual Life Insurance Company, Boston—Paul F. Clark, President; Clyde F. Gay, Vice-President; Clarence W. Wyatt, Vice-President; Robert P. Kelsey, Vice-President.

Connecticut General Life Insurance Co.—C. Manton Eddy, Vice-President.

New England Mutual Life Insurance Co., Boston — O. Kelley Anderson, President; John Barker, Vice-President and Counsel; Lambert M. Huppeler, Vice-President.

It was decided that the Joint Committee should, at the outset, consist only of representatives from the NALU and from the investment companies, but that in the early stages of cooperation formal consultation with life company representatives might be desirable.

Representatives of the NAIC on the Joint Committee will be: Messrs: Richardson, Bradford, Clark, Townsend, Vance, Charles M. Werly, Trustee of George Putnam Fund of Boston and Mr. Burr (ex officio).

Those representing NALU on the Joint Committee will be: Messrs: Salinger, Fluegelman, Schriver, Merle G. Summers, Boston, Stanley J. Lonsdale, Bridgeport, William D. Davidson, Chairman of NALU Committee on Public Information, Chicago and Mr. Jones (ex officio).



# Bank and Insurance Stocks

By H. E. JOHNSON

## This Week — Bank Stocks

Bank stocks outside of New York City have become increasingly popular in recent years as investors have endeavored to take advantage of the growth of the economy in outlying areas.

Current indications are that the growth of deposits may continue to be more pronounced in some of the centers away from New York with a corresponding benefit to bank operations.

One of the groups of bank shares that are interesting in this connection are those in Philadelphia. Stroud & Company, specialists in Philadelphia bank stocks, has just published a statistical comparison of 11 of the major institutions in that area.

In the tabulation below we have selected five of the larger banks from the Stroud tabulation and show certain of the pertinent statistics.

| | Phila. Natl. Bank | Penna. Co. For Banking and Trusts | Girard Corn Ex. Bank | Fidelity Phila. Trust | Central-Penn Natl. Bank |
|---|---|---|---|---|---|
| Dividend Paid Since | 1843 | 1828 | 1837 | 1867 | 1828 |
| Current Dividend Rate | $5.00 | $2.00 | $2.80 | $3.10 | $1.80 |
| Current Price—Approx. | 112 | 47½ | 62½ | 68 | 41 |
| Yield | 4.46% | 4.21% | 4.48% | 4.56% | 4.39% |
| Total Deposits (000) | $911,558 | $735,554 | $555,683 | $309,978 | $208,740 |
| Capital, incl. Cont. Res. (000) | 77,559 | 58,613 | 63,812 | 32,738 | 22,288 |
| Ratio Deposits to Capital | 11.6 | 12.5 | 8.7 | 9.5 | 9.4 |
| Book Value Per Share | $94.62 | $43.10 | $66.04 | $85.48 | $44.58 |
| Net Operating Earnings: | | | | | |
| 1953 | $8.31 | $3.16 | $4.75 | $5.88 | $3.43 |
| 1952 | 8.12 | 2.79 | 3.99 | 5.29 | 2.86 |
| 1951 | 7.35 | 2.85 | 3.57 | 4.76 | 2.21 |
| 1950 | 7.36 | 2.92 | 3.83 | 5.04 | 2.17 |
| 1949 | 7.16 | 2.48 | 3.40 | 4.53 | 2.01 |
| Five-Year Average | 7.66 | 2.84 | 3.91 | 5.10 | 2.54 |
| Percentage of Current Dividends to Earnings: | | | | | |
| 1953 Earnings | 60.2% | 63.3% | 58.9% | 52.7% | 52.5% |
| Five-Year Average | 65.3% | 70.4% | 71.6% | 60.8% | 70.9% |
| Price Earnings Ratio: | | | | | |
| 1953 Earnings | 13.5 | 15.0 | 13.2 | 11.6 | 12.0 |
| Five-Year Average | 14.6 | 16.7 | 16.0 | 13.3 | 16.1 |
| Ratio Price to Book Value | 118.4% | 110.2% | 94.6% | 79.6% | 92.0% |

In addition to the foregoing institutions, the other smaller banks covered in the Stroud compilation include Tradesmens Land Title Bank and Trust, First National Bank, Provident Trust Company, Liberty Real Estate Bank and Trust Company, Broad Street Trust Company, and Market Street National Bank.

It is interesting to note that of the five banks listed in the above tabulation, all have been involved in one or more mergers during the past three years. Of the other six not listed, three have effected mergers. Because of conditions existing in the Philadelphia area, it is considered likely that additional mergers will be accomplished in the near future. Thus it is possible that some of the banks may become larger.

One of the more significant features of the above figures is the trend of earnings. With the exception of 1951 when a slight adjustment was noted, per share earnings have increased in every year for the five banks since 1949. Indications are that earnings for the current period will also show a favorable trend in most instances.

On the basis of the figures Stroud & Company points out that Philadelphia bank stocks are relatively more attractive than the New York bank shares.

A table presented in the report shows the comparative statistical position of the two groups.

| | Philadelphia | New York |
|---|---|---|
| Yields | 4.40% | 4.19% |
| Price Times Earnings | 12.4 | 13.5 |
| Price to Book Values | 92.4% | 97.4% |
| Percent Pay-Out of Net | 54.4% | 56.9% |
| Ratio Deposits-to-Capital | 9.8 | 12.0 |

Certainly on the basis of the figures the Philadelphia banks are the more attractive. Of course there may be other factors involved in a decision as to which bank stocks to buy but for those interested in broadening their holdings, some consideration should be given to Philadelphia bank shares.

Continued from page 4

# The State of Trade and Industry

off (in five years), the tax burden of steel companies will go up sharply, it further states.

Hope for a September upturn in steel business after the summer lull is strengthened by the inventory situation of steel users, it adds. Most of them have cut their steel stocks to the bone. Even a slight upturn in their business will make some present inventories inadequate. Inventories may thus prove almost as big a factor in the market upturn as they were in the decline during the past year.

In the automotive industry a 15% decline in July new car sales to the 475,000-unit level from June's 47-month high of 561,000 was estimated by Ward's Automotive Reports on Friday, last.

The weekly publication counted 12% fewer new car deliveries by franchised dealers in July 11-20 over June 11-20, following a 15% drop during the July 1-10.

In keeping with prospects for an orderly 1954 model cleanup period, the industry is scheduling 431,000 cars for completion in August (in one less work day) against an estimated 442,000 in July, states this trade authority.

The statistical agency noted, however, that declining sales could force stretchouts of several producers' 1954 model programs, particularly those which recently made heavy unpublicized additions to August schedules.

Meantime, "Ward's" counted 123,885 car and truck completions in domestic plants last week against the 1954 low of 122,789 the week before and 157,991 a year ago.

Holding down this week's volume, despite the end of the Chrysler Corp. strike, were month-end declines at General Motors Corp. and Ford Motor Co. plus suspension of operations at Hudson and at Studebaker's South Bend (Ind.) plant.

All Chrysler Corp. car lines returned to five-day operations after being blacked out last week with the exception of Plymouth who worked four days. Ford Division temporarily cancelled Saturday operations last week and Kaiser and Willys operations remained idle.

Canadian production is now running more than 18% behind the cumulative figure for the same interval of last year. A total of 219,159 cars and 53,487 trucks have been built by Canadian manufacturers up to and including last week.

According to the Federal Reserve Board, consumers increased their indebtednes for the instalment purchases of automobiles, home appliances and the like by $178,000,000 in June. Officials noted that the rise during the month compared with additions to total instalment debt of $422,000,000 in June, 1953, and $732,000,000 in June, 1952. The lower figure this year, they contend, showed instalment buying was returning to normal.

### Steel Output Scheduled at Fractionally Higher Level This Week

Steelmakers are counting on a 5 to 10% rise in demand over coming weeks to pull the market out of its summer lethargy, says "Steel," the weekly magazine of metalworking the current week.

While they have just about written off August as a recovery month, they think volume during the month will slightly better that of July, seen as the low point for the year. Genuine revival, however, now is not anticipated before September, possibly October, with prewar seasonal market patterns increasingly in evidence, it reports.

Views on market prospects differ widely, it states. At best, trade authorities are only cautiously optimistic for fourth quarter. Most base hopes for a substantial buying pickup on low consumer inventories, anticipated spurt in automotive needs following model changeovers, continued strong demand from the construction industries and quickening activity in general metalworking as confidence returns to the business community.

One of the most encouraging things about today's market situation is the way the recent price increases on the various steel products appear to have been accepted by consumers, it adds. So far as can be determined no serious resistance to the advances has yet developed. Such may come later, however, when fall buying campaigns get under way and market influences come into full play. Meanwhile, steelmakers, including the smaller interests, have just about completed adjustments in their price schedules, it points out.

Particularly significant in the market at this time is an upswing in prices on imported steel. Imports have been bothersome to warehouse operators over the past year or so, importers offering material considerably under domestic market levels. Now, it would appear, such stiff competition may be fading, concludes "Steel."

**The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity for the entire industry will be at an average of 64.8% of capacity for the week beginning Aug 2, 1954, equivalent to 1,544,000 tonse of ingots and steel for castings, as against 1,532,000 tons and 64.2% (actual) a week ago.**

**The industry's ingot production rate for the weeks in 1954 is now based on annual capacity of 124,330,410 tons as of Jan. 1, 1954.**

**For the like week a month ago the rate was 60% and production 1,430,000 tons. A year ago the actual weekly production was placed at 2,119,000 tons or 94.0%. The operating rate is not comparable because capacity was lower than capacity in 1954. The percentage figures for last year are based on annual capacity of 117,547,470 tons as of Jan. 1, 1953.**

### Car Loadings Fall 1.5% Below Preceding Week

Loadings of revenue freight for the week ended July 24, 1954, decreased 10,258 cars or 1.5% below the preceding week, according to the Association of American Railroads.

Loadings totaled 684,287 cars, a decrease of 96,412 cars or 12.3% below the corresponding 1953 week, but an increase of 77,097 cars or 12.7% above the corresponding week in 1952, when loadings were reduced by a strike in the steel industry.

### Electric Output Attains All-Time High Record In Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, July 31, 1954, was estimated at 9,139,000,00 kwh., according to the Edison Electric Institute. This was the highest output on record since the week ended Jan. 16 of this year when it stood at 9,014,000,000 kwh.

The current figure represents an increase of 36,000,000 above the preceding week and an increase of 627,000,000 kwh., or 7.4% over the comparable 1953 week and 1,734,000,000 kwh. over the like week in 1952.

### U. S. Auto Output Slightly Higher in Latest Week Despite Cutbacks and Suspensions

The automotive industry for the latest week, ended July 30, 1954, according to "Ward's Automotive Reports," assembled an estimated 104,730 cars, compared with 105,402 (revised) in the previous week. The past week's production total of cars and trucks amounted to 123,885 units, a moderate rise above last weeks output of 122,789 units, state "Ward's."

Last week, the agency reported there were 19,155 trucks made in this country, as against 17,387 (revised) in the previous week and 26,112 in the like 1953 week.

"Ward's" estimated Canadian plants turned out 5,600 cars and 1,577 trucks last week, against 6,228 cars and 1,727 trucks in the preceding week and 8,772 cars and 1.504 trucks in the comparable 1953 week.

### Business Failures Show Slightly Higher Trend

Commercial and industrial failures edged up to 195 in the week ended July 29 from 188 in the preceding week, according to Dun & Bradstreet, Inc. While casualties were heavier than a year ago when 182 occurred or in 1952 when there were 152, they remained 33% below the prewar level of 291 in the comparable month of 1939.

Failures with liabilities of $5,000 or more increased slightly to 167 from 163 in the previuos week and 152 a year ago. Small casualties, those with liabilities under $5,000 turned up to 28 from 25 but were below the 30 of this size last year. Liabilities in excess of $100,000 were involved in 13 of the week's failures as compared with 23 a week ago.

### Wholesale Food Price Index Hits Lowest Point Since Mid-June

Registering its sharpest drop since mid-June, the wholesale food price index, compiled by Dun & Bradstreet, Inc., fell sharply to $7.14 on July 27, from $7.23 a week earlier. This put the current index at the lowest level since February 11 when it stood at $7.11, although it is still 6.6% above the comparable 1953 figure of $6.70.

Price advances in barley, cottonseed oil, cocoa and beans were heavily outweighed by lower wholesale costs for flour, wheat, corn, rye, oats, beef, ham, lard, sugar, coffee, peas, steers, hogs, lambs and eggs.

The index represents the sum total of the price per pound or 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

### Wholesale Commodity Price Index Irregularly Lower The Past Week

Commodity price movements were irregular during the past week and the Dun & Bradstreet daily wholesale commodity price index registered a slight decline to stand at 271.99 on July 27. This compared with 272.93 a week earlier, and with 281.79 on the corresponding date a year ago.

Weather conditions dominated the grain markets last week and prices fluctuated erratically over a wide range.

**Impressive advances were scored early in the week, particularly in soybeans, corn and oats, as the result of continuing reports of high temperatures and severe drought conditions.**

Declines in late dealings, however, wiped out most of the early gains and were influenced by reports of cooler weather and substantial precipitation over a large part of the dry area. Corn was said to have suffered considerable damage in some portions of the belt. Wheat showed independent strength as growers were still impounding most of their grain. Trading in grain and soybean futures on the Chicago Board of Trade expanded sharply with daily average purchases totalling 70,800,000 bushels, against 56,500,000 the week previous and 47,500,000 in the like week last year.

Bookings of Spring wheat bakery flours remained on a hand-to-mouth basis as substantial price reductions failed to create any improvement in demand. A fair sized volume in soft wheat flours was reported during the week. Durham flour blends were somewhat stronger reflecting supply tightness and the uncertain new crop outlook. Cocoa prices continued to edge upward this week on buying influenced by expectations of a tight supply position until late in the year when new African cocoa becomes available and reports that Sanchez stocks at the source are very small. Warehouse stocks of cocoa declined to 118,432 bags, from 121,085 last week, and 201,728 bags a year ago.

Coffee was mostly steady but developed an easier tone in dull trading as the week closed. Clearance from Brazil last week dropped to 123,000 bags, from 154,000 a week earlier, with United States takings at 31,000 bags, against 34,000 the previous week.

**Sugar prices were firmer in the world market but domestic raws trended lower, reflecting disappointing demand for refined sugar despite the seasonal influence of hot weather which ordinarily stimulates consumption.**

Spot cotton prices finished slightly lower after showing strength in early dealings. There was increasing concern over continued high temperatures and the absence of any appreciable rainfall over much of the belt. Easiness in late trading was attributed to a lack of mill support coupled with profit taking and hedge selling attracted by earlier advances. Withdrawals of 1953-crop cotton from the CCC loan during the week ended July 16 totalled 12,478 bales, the smallest weekly volume for several months. Daily average mill consumption of cotton during June, according to the Census Bureau, totaled 31,900 bales, or a drop of 1.2% from the average rate of 32,300 bales a day in May.

### Trade Volume Holds to Week Ago Level but Slightly Below Like Week of Last Year

Although there was a pick up in apparel sales in the period ended on Wednesday of last week, the average consumer's enthusiasm was directed less to clothing and household items and more to food, recreation, travel and services. The dollar volume of retail trade last week was unchanged from a week ago, slightly below that of a year ago.

**While consumers continued to save a larger proportion of their incomes than a year ago, credit sales were more frequent.**

The total dollar volume of retail trade in the week was estimated by Dun & Bradstreet, Inc., to be 3% below to 1% above the level of a year ago. Regional estimates varied from the comparable 1953 levels by the following percentages: Pacific Coast —7 to —3; Midwest —6 to —2; Southwest —5 to —1; New England —4 to 0; South and Northwest —2 to +2; East 0 to +4.

The volume of apparel sales was somewhat larger last week than in the preceding week. Successful clearances of Summer merchandise occurred in many parts of the country, and sales of Fall items improved. Coats, suits, dark cotton dresses, and general sportswear were the best sellers in women's apparel. Children's wear was more popular than last week; there was some early buying of back-to-school clothes.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended July 24, 1954 advanced 1% above the level for the preceding week. In the previous week July 17, 1954, an increase of 5% was reported from that of the similar week in 1953. For the four weeks ended July 24, 1954, an advance of 1% was reported. For the period Jan. 1 to July 24, 1954, department store sales registered a decrease of 3% below the corresponding period of 1953.

**Retail trade volume in New York City the past week closed about even with the similar week a year ago. Following a fair pace early in the week, humid weather later worked to curtail shopping.**

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended July 24, 1954, registered an increase of 4% above the like period of last year. In the preceding week, July 17, 1954, an increase of 4% was reported from that of the similar week in 1953, while for the four weeks ended July 24, 1954, an increase of 1% was reported. For the period Jan. 1 to July 24, 1954, no change was registered from that of the 1953 period.

## Joins Merrill Lynch

(Special to The Financial Chronicle)

JACKSONVILLE, Fla. — John E. Haynes has become connected with Merrill Lynch, Pierce, Fenner & Beane, 116 West Forsyth Street.

## Joins First Boston

(Special to The Financial Chronicle)

CHICAGO, Ill. — William E. Strasser has become affiliated with First Boston Corporation, 231 South La Salle Street. He was formerly with Lee Higginson Corporation.

## Victor Sutro

Victor Sutro passed away at the age of 78. Mr. Sutro prior to his retirement was serior partner in the Stock Exchange firm of Sutro & Kimbley.

# Indications of Current Business Activity

**The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:**

| | | Latest Week | Previous Week | Month Ago | Year Ago |
|---|---|---|---|---|---|
| **AMERICAN IRON AND STEEL INSTITUTE:** | | | | | |
| Indicated steel operations (percent of capacity) | Aug. 8 | §64.8 | *64.2 | 60.0 | 94.0 |
| Equivalent to— | | | | | |
| Steel ingots and castings (net tons) | Aug. 8 | 1,544,000 | *1,532,000 | 1,430,000 | 2,119,000 |
| **AMERICAN PETROLEUM INSTITUTE:** | | | | | |
| Crude oil and condensate output—daily average (bbls. of 42 gallons each) | July 23 | 6,267,550 | 6,297,500 | 6,509,800 | 6,550,600 |
| Crude runs to stills—daily average (bbls.) | July 23 | ¶6,774,000 | 6,969,000 | 6,939,000 | 7,125,000 |
| Gasoline output (bbls.) | July 23 | 23,565,000 | 23,837,000 | 23,862,000 | 24,380,000 |
| Kerosene output (bbls.) | July 23 | 1,910,000 | 2,122,000 | 2,095,000 | 2,085,000 |
| Distillate fuel oil output (bbls.) | July 23 | 9,856,000 | 10,086,000 | 9,700,800 | 9,971,000 |
| Residual fuel oil output (bbls.) | July 23 | 7,525,000 | 7,895,000 | 7,874,000 | 8,778,000 |
| Stocks at refineries, bulk terminals, in transit, in pipe lines— | | | | | |
| Finished and unfinished gasoline (bbls.) at | July 23 | 158,844,000 | 161,786,000 | 168,147,000 | 141,708,000 |
| Kerosene (bbls.) at | July 23 | 31,069,000 | 30,318,000 | 26,937,000 | 29,873,000 |
| Distillate fuel oil (bbls.) at | July 23 | 98,412,000 | 94,794,000 | 83,013,000 | 91,830,000 |
| Residual fuel oil (bbls.) at | July 23 | 53,585,000 | 53,355,000 | 50,362,000 | 48,886,000 |
| **ASSOCIATION OF AMERICAN RAILROADS:** | | | | | |
| Revenue freight loaded (number of cars) | July 24 | 684,287 | 694,545 | 713,160 | 780,699 |
| Revenue freight received from connections (no. of cars) | July 24 | 565,356 | 539,647 | 597,769 | 632,289 |
| **CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:** | | | | | |
| Total U. S. construction | July 29 | $262,263,000 | $259,290,000 | $323,867,000 | $311,332,000 |
| Private construction | July 29 | 143,154,000 | 136,166,000 | 173,228,000 | 167,693,000 |
| Public construction | July 29 | 119,109,000 | 123,124,000 | 150,639,000 | 143,639,000 |
| State and municipal | July 29 | 100,655,000 | 110,279,000 | 113,477,000 | 116,636,000 |
| Federal | July 29 | 18,454,000 | 12,845,000 | 37,162,000 | 27,003,000 |
| **COAL OUTPUT (U. S. BUREAU OF MINES):** | | | | | |
| Bituminous coal and lignite (tons) | July 24 | 7,030,000 | 7,200,000 | 8,270,000 | 9,172,000 |
| Pennsylvania anthracite (tons) | July 24 | 519,000 | 539,000 | 602,000 | 603,000 |
| **DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100** | July 24 | 84 | 88 | 97 | 83 |
| **EDISON ELECTRIC INSTITUTE:** | | | | | |
| Electric output (in 000 kwh.) | July 31 | 9,139,000 | 9,103,000 | 8,825,000 | 8,512,000 |
| **FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.** | July 29 | 195 | 188 | 192 | 182 |
| **IRON AGE COMPOSITE PRICES:** | | | | | |
| Finished steel (per lb.) | July 27 | 4.801c | 4.801c | 4.634c | 4.634c |
| Pig iron (per gross ton) | July 27 | $56.59 | $56.59 | $56.59 | $56.76 |
| Scrap steel (per gross ton) | July 27 | $27.33 | $26.83 | $26.92 | $44.92 |
| **METAL PRICES (E. & M. J. QUOTATIONS):** | | | | | |
| Electrolytic copper— | | | | | |
| Domestic refinery at | July 28 | 29.700c | 29.700c | 29.700c | 29.675c |
| Export refinery at | July 28 | 29.425c | 29.525c | 29.600c | 29.450c |
| Straits tin (New York) at | July 28 | 96.125c | 95.750c | 95.875c | 79.250c |
| Lead (New York) at | July 28 | 14.000c | 14.000c | 14.000c | 14.000c |
| Lead (St. Louis) at | July 28 | 13.800c | 13.800c | 13.800c | 13.800c |
| Zinc (East St. Louis) at | July 28 | 11.000c | 11.000c | 11.000c | 11.000c |
| **MOODY'S BOND PRICES DAILY AVERAGES:** | | | | | |
| U. S. Government Bonds | Aug. 3 | 100.79 | 100.49 | 100.07 | 93.27 |
| Average corporate | Aug. 3 | 110.52 | 110.34 | 110.15 | 104.14 |
| Aaa | Aug. 3 | 115.63 | 115.43 | 114.85 | 109.06 |
| Aa | Aug. 3 | 112.37 | 112.37 | 112.19 | 106.21 |
| A | Aug. 3 | 110.15 | 109.97 | 109.79 | 102.96 |
| Baa | Aug. 3 | 104.14 | 104.14 | 104.14 | 98.57 |
| Railroad Group | Aug. 3 | 109.06 | 109.06 | 108.70 | 102.46 |
| Public Utilities Group | Aug. 3 | 110.88 | 110.70 | 110.52 | 103.64 |
| Industrials Group | Aug. 3 | 111.44 | 111.25 | 111.07 | 106.21 |
| **MOODY'S BOND YIELD DAILY AVERAGES:** | | | | | |
| U. S. Government Bonds | Aug. 3 | 2.42 | 2.45 | 2.49 | 3.00 |
| Average corporate | Aug. 3 | 3.14 | 3.15 | 3.16 | 3.50 |
| Aaa | Aug. 3 | 2.87 | 2.88 | 2.91 | 3.22 |
| Aa | Aug. 3 | 3.04 | 3.04 | 3.05 | 3.38 |
| A | Aug. 3 | 3.16 | 3.17 | 3.18 | 3.57 |
| Baa | Aug. 3 | 3.50 | 3.50 | 3.50 | 3.84 |
| Railroad Group | Aug. 3 | 3.22 | 3.22 | 3.24 | 3.60 |
| Public Utilities Group | Aug. 3 | 3.12 | 3.13 | 3.14 | 3.53 |
| Industrials Group | Aug. 3 | 3.09 | 3.10 | 3.11 | 3.38 |
| **MOODY'S COMMODITY INDEX** | Aug. 3 | 427.3 | 428.7 | 434.7 | 420.6 |
| **NATIONAL PAPERBOARD ASSOCIATION:** | | | | | |
| Orders received (tons) | July 24 | 203,751 | 192,054 | 204,836 | 185,853 |
| Production (tons) | July 24 | 239,499 | 199,338 | 250,255 | 237,654 |
| Percentage of activity | July 24 | 88 | 71 | 92 | 93 |
| Unfilled orders (tons) at end of period | July 24 | 370,644 | 411,856 | 325,610 | 522,123 |
| **OIL, PAINT AND DRUG REPORTER PRICE INDEX— 1949 AVERAGE = 100** | July 30 | 107.21 | 107.04 | 106.49 | 106.23 |
| **STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:** | | | | | |
| Odd-lot sales by dealers (customers' purchases)†— | | | | | |
| Number of shares | July 17 | 1,160,812 | 971,410 | 851,534 | 578,884 |
| Dollar value | July 17 | $51,794,917 | $45,818,129 | $38,764,551 | $26,585,273 |
| Odd-lot purchases by dealers (customers' sales)†— | | | | | |
| Number of shares—Total sales | July 17 | 1,175,227 | 918,902 | 797,701 | 488,900 |
| Customers' short sales | July 17 | 7,592 | 6,425 | 7,062 | 6,079 |
| Customers' other sales | July 17 | 1,167,635 | 912,477 | 790,639 | 482,821 |
| Dollar value | July 17 | $49,653,011 | $39,815,234 | $33,963,305 | $19,742,000 |
| Round-lot sales by dealers— | | | | | |
| Number of shares—Total sales | July 17 | 351,150 | 265,400 | 235,820 | 144,360 |
| Short sales | July 17 | ------ | ------ | ------ | ------ |
| Other sales | July 17 | 351,150 | 265,400 | 235,820 | 144,360 |
| Round-lot purchases by dealers— | | | | | |
| Number of shares | July 17 | 359,310 | 326,310 | 320,240 | 248,550 |
| **TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):** | | | | | |
| Total Round-lot sales— | | | | | |
| Short sales | July 10 | 346,580 | 407,260 | 377,900 | 204,920 |
| Other sales | July 10 | 9,580,810 | 10,368,110 | 9,887,280 | 4,510,360 |
| Total sales | July 10 | 9,927,390 | 10,775,370 | 10,265,180 | 4,715,280 |
| **ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:** | | | | | |
| Transactions of specialists in stocks in which registered— | | | | | |
| Total purchases | July 10 | 1,002,160 | 1,242,220 | 1,267,950 | 441,690 |
| Short sales | July 10 | 199,790 | 228,210 | 203,890 | 83,170 |
| Other sales | July 10 | 838,780 | 970,470 | 995,520 | 387,240 |
| Total sales | July 10 | 1,038,570 | 1,198,680 | 1,199,410 | 470,410 |
| Other transactions initiated on the floor— | | | | | |
| Total purchases | July 10 | 297,240 | 373,440 | 355,540 | 82,610 |
| Short sales | July 10 | 16,050 | 24,800 | 28,100 | 13,400 |
| Other sales | July 10 | 303,710 | 305,810 | 307,140 | 95,440 |
| Total sales | July 10 | 319,760 | 330,610 | 335,240 | 108,840 |
| Other transactions initiated off the floor— | | | | | |
| Total purchases | July 10 | 327,256 | 370,098 | 345,480 | 208,630 |
| Short sales | July 10 | 39,470 | 58,800 | 38,310 | 38,200 |
| Other sales | July 10 | 484,749 | 530,080 | 372,854 | 240,450 |
| Total sales | July 10 | 524,219 | 588,880 | 411,164 | 278,650 |
| Total round-lot transactions for account of members— | | | | | |
| Total purchases | July 10 | 1,626,656 | 1,985,758 | 1,968,970 | 732,930 |
| Short sales | July 10 | 255,310 | 311,810 | 270,300 | 134,770 |
| Other sales | July 10 | 1,627,239 | 1,806,360 | 1,675,514 | 723,130 |
| Total sales | July 10 | 1,882,549 | 2,118,170 | 1,945,814 | 857,900 |
| **WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):** | | | | | |
| Commodity Group— | | | | | |
| All commodities | July 27 | 109.7 | *110.2 | 109.9 | 110.5 |
| Farm products | July 27 | 94.1 | *95.8 | 94.7 | 97.4 |
| Processed foods | July 27 | 103.9 | 105.5 | 104.6 | 104.9 |
| Meats | July 27 | 87.3 | 92.1 | 92.4 | 96.9 |
| All commodities other than farm and foods | July 27 | 114.2 | 114.2 | 114.3 | 114.5 |

*Revised figure. ¶Includes 724,000 barrels of foreign crude runs. §Based on new annual capacity of 124,330,410 tons as of Jan. 1, 1954, as against the Jan. 1, 1953 basis of 117,547,470 tons.

†Number of orders not reported since introduction of Monthly Investment Plan.

| | Latest Month | Previous Month | Year Ago |
|---|---|---|---|
| **AMERICAN PETROLEUM INSTITUTE—Month of May:** | | | |
| Total domestic production (barrels of 42 gallons each) | 220,977,000 | 218,302,000 | 217,861,000 |
| Domestic crude oil output (barrels) | 200,593,000 | 198,440,000 | 198,086,000 |
| Natural gasoline output (barrels) | 20,362,000 | 19,828,000 | 19,233,000 |
| Benzol output (barrels) | 22,000 | 34,000 | 42,000 |
| Crude oil imports (barrels) | 21,957,000 | 17,229,000 | 21,798,000 |
| Refined products imports (barrels) | 9,694,000 | 11,260,000 | 12,170,000 |
| Indicated consumption domestic and export (barrels) | 223,500,000 | 235,012,000 | 227,504,000 |
| Increase all stock (barrels) | 29,128,000 | 11,779,000 | 24,325,000 |
| **BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of June:** | | | |
| New England | $24,706,132 | $18,196,320 | $21,787,064 |
| Middle Atlantic | 88,728,632 | 71,572,574 | 89,526,564 |
| South Atlantic | 65,365,239 | 41,269,931 | 56,736,681 |
| East Central | 107,649,034 | 112,266,117 | 106,229,302 |
| South Central | 77,107,380 | 64,233,097 | 74,491,792 |
| West Central | 45,487,036 | 29,662,286 | 22,844,154 |
| Mountain | 18,245,430 | 12,921,549 | 11,943,583 |
| Pacific | 93,670,999 | 81,350,212 | 71,964,713 |
| Total United States | $520,959,882 | $431,472,086 | $455,523,853 |
| New York City | 39,149,744 | 35,373,510 | 43,264,650 |
| Outside New York City | $481,810,135 | $396,098,576 | $412,259,203 |
| **CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS — U. S. DEPT. OF COMMERCE — Month of June (000's omitted)** | $1,252,000 | $227,600 | $1,234,700 |
| **CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM REVISED SERIES—Estimated short and intermediate term credit in millions as of June 30:** | | | |
| Total consumer credit | $27,779 | $27,520 | $27,411 |
| Instalment credit | 21,110 | 20,932 | 20,635 |
| Automobile | 9,980 | 9,838 | 9,692 |
| Other consumer goods | 5,122 | 5,142 | 5,335 |
| Repair and modernization loans | 1,563 | 1,565 | 1,493 |
| Personal loans | 4,445 | 4,387 | 4,117 |
| Non-instalment credit | 6,669 | 6,588 | 6,776 |
| Single payment loans | 2,215 | 2,181 | 2,197 |
| Charge accounts | 2,679 | 2,639 | 2,781 |
| Service credit | 1,775 | 1,768 | 1,798 |
| **COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of June:** | | | |
| Cotton Seed— | | | |
| Received at mills (tons) | 21,315 | 22,110 | 43,605 |
| Crushed (tons) | 270,266 | 356,184 | 207,564 |
| Stocks (tons) June 30 | 307,496 | 556,447 | 197,208 |
| Crude Oil— | | | |
| Stocks (pounds) June 30 | 54,013,000 | 84,728,000 | 56,418,000 |
| Produced (pounds) | 94,884,000 | 124,212,000 | 74,529,000 |
| Shipped (pounds) | 114,426,000 | 163,177,000 | 103,821,000 |
| Refined Oil— | | | |
| Stocks (pounds) June 30 | 987,614,000 | 1,061,214,000 | 935,273,000 |
| Produced (pounds) | 106,431,000 | 151,578,000 | 96,142,000 |
| Consumption (pounds) | 139,760,000 | 174,462,000 | 75,610,000 |
| Cake and Meal— | | | |
| Stocks (tons) June 30 | 198,062 | 193,472 | 122,619 |
| Produced (tons) | 126,729 | 161,713 | 99,667 |
| Shipped (tons) | 122,139 | 145,960 | 117,945 |
| Hulls— | | | |
| Stocks (tons) June 30 | 123,884 | 122,901 | 67,992 |
| Produced (tons) | 61,300 | 81,522 | 46,731 |
| Shipped (tons) | 60,317 | 70,844 | 60,916 |
| Linters (running bales)— | | | |
| Stocks June 30 | 176,279 | 199,081 | 88,069 |
| Produced | 84,114 | 115,009 | 65,906 |
| Shipped | 106,916 | 142,115 | 85,290 |
| Hull Fiber (1,000-lb. bales)— | | | |
| Stocks June 30 | 857 | 946 | 306 |
| Produced | 177 | 608 | 421 |
| Shipped | 260 | 645 | 730 |
| Motes, Grabbots, etc. (1,000 pounds)— | | | |
| Stocks June 30 | 5,407 | 6,623 | 8,006 |
| Produced | 1,376 | 1,815 | 944 |
| Shipped | 2,592 | 2,909 | 3,007 |
| **COTTON SPINNING (DEPT. OF COMMERCE):** | | | |
| Spinning spindles in place on July 3 | 22,728,000 | 22,762,000 | 22,814,000 |
| Spinning spindles active on July 3 | 19,332,000 | 19,325,000 | 19,824,000 |
| Active spindle hours (000's omitted) June | 10,216,000 | 8,366,000 | 9,330,000 |
| Active spindle hours per spindle in place June | 417.0 | 418.3 | 466.4 |
| **INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49=100—Month of May:** | | | |
| Seasonally adjusted | 125 | 123 | 137 |
| Unadjusted | 123 | 123 | 136 |
| **NEW YORK STOCK EXCHANGE—As of June 30 (000's omitted):** | | | |
| Member firms carrying margin accounts— | | | |
| Total customers' net debit balances | $1,859,455 | *$1,840,702 | $1,684,471 |
| Credit extended to customers | 37,205 | 45,071 | 34,654 |
| Cash on hand and in banks in U. S. | 312,301 | *313,426 | 282,426 |
| Total of customers' free credit balances | 846,924 | *836,470 | 658,688 |
| Market value of listed shares | 139,187,897 | 137,928,085 | 113,306,468 |
| Market value of listed bonds | 105,582,152 | 105,093,898 | 99,454,004 |
| Member borrowings on U. S. Govt. issues | 224,458 | 184,332 | 104,494 |
| Member borrowings on other collateral | 1,235,918 | *1,125,049 | 1,257,538 |
| **RAILROAD EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of June:** | | | |
| Total operating revenues | 803,521,439 | 765,120,855 | 924,371,836 |
| Total operating expenses | 625,337,590 | 616,844,278 | 688,966,632 |
| Operating ratio | 77.82 | 80.62 | 74.53 |
| Taxes | 76,519,005 | 67,971,609 | 114,520,336 |
| Net railway operating income before charges | 79,680,334 | 58,880,849 | 99,663,741 |
| Net income after charges (estimated) | 59,000,000 | 39,000,000 | 80,000,000 |
| **REAL ESTATE FINANCING IN NON-FARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of May (000's omitted):** | | | |
| Savings and loan associations | $674,939 | $668,533 | $641,425 |
| Insurance companies | 123,503 | 130,353 | 132,771 |
| Bank and trust companies | 330,171 | 332,636 | 317,314 |
| Mutual savings banks | 117,846 | 112,049 | 110,861 |
| Individuals | 231,372 | 239,230 | 245,576 |
| Miscellaneous lending institutions | 326,668 | 310,190 | 250,687 |
| Total | $1,804,499 | $1,792,991 | $1,698,634 |
| **UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS—Month of June (000's omitted):** | | | |
| Exports | $1,113,000 | $1,388,000 | $1,383,000 |
| Imports | 965,000 | 829,000 | 933,008 |

*Continued from page 7*

# Economic Bases of U. S.— Latin-American Relations

the fluctuations of our domestic economy, which exert a great influence upon the course of world prices.

The President, as you know, has indicated his determination not to permit the development in this country of any material decline in the rate of economic activity. In view of the fact that approximately 50% of Latin American exports are sold in the United States, this determination should be of very great significance to them. In addition, the President has announced the initiation of a new "long-term" stockpiling program and has directed the Office of Defense Mobilization to review objectives for 35 to 40 minerals in the light of broader terms of reference. In acquiring metals and minerals under this new security program preference will be given to newly mined metals and minerals of domestic origin. The program will, nevertheless, have indirect benefits to the mining industries of other areas, including Latin America. To the degree that the United States Government buys and stockpiles domestic materials these materials will be withheld from exerting a generally depressing effect on world commodity markets.

### Trade

Since the United States takes about 50% of all the goods exported by the Latin American countries, it is only to be expected that they should have a great interest in the tariff policy which we pursue. Especially at a time such as the present when they face declining prices for many of their exports, and when they know that without profitable two-way trade with the United States they cannot hope to maintain their standards of living, which, despite all the advances they have made are, on the average, still very low by comparison with ours, the trade policy which we adopt is of very great significance to them. Their anxiety is particularly acute at present because there are a number of commodities which are of major importance to one or more of the Latin American countries concerning which there have for some time been almost continuous threats of tariff increases or other restrictions.

These commodities include petroleum, upon which the economic prosperity of Venezuela depends and which at present underlies a very favorable trade relationship between the United States and Venezuela. Last year 90% of Venezuela's foreign exchange came from petroleum and 24% of all its petroleum exports came to the United States. They include lead and zinc which together last year accounted for about 22% of the export trade of Mexico, 16% of that of Peru and 11% of that of Bolivia.

We imported about 1,050,000 barrels a day of petroleum products in 1953, to meet a consumption requirement of about 8 million barrels a day. In other words, imports supplied about 12% of our consumption. There are bills now before Congress which would shut out four-fifths of our current imports of residual fuel oil, which comes principally from Venezuela, and which would severely restrict imports of other crude petroleum products. Some would oblige the Tariff Commission to impose quotas or increase duties whenever injury can be shown to *any* domestic producer.

Lead is now subject to a duty of 1 1/16 cents per pound or about 8.2% of the 1953 price and zinc is now subject to a duty of 7/10 cents per pound or about 8.8% of the 1953 price. There are proposals now under consideration which would more than double the duties on both of these commodities.

The reason for these various proposals is the fact that the postwar reduction in demand has, in some cases, adversely affected our producers, just as it has Latin American producers of the same commodities. To the extent that the propsals would be effective, however, they would improve the position of our producers by further worsening theirs. There is probably nothing in our economic relations with the Latin American countries at the present time that is as critical as the action we take on these commodities. To the extent that relief to our domestic producers of the commodities involved is warranted, it would be highly desirable from the viewpoint of our inter-American relations for it to be provided in some way that would not restrict imports. Such relief would, furthermore, be consistent with the President's message to the Congress on March 30 transmitting the report of the Commission on Foreign Economic Policy. In supporting the Commission's recommendation on assuring raw materials for defense, the President stated that he believed that it is normally sound that "domestic sources for raw materials required for military purposes should be assured by direct means and not by tariffs and import quotas."

This is, however, only one part of the total picture of our trade relations with the other American republics. There are courses of action in the trade field which they are now pursuing which are harmful to their economic relations with us and which they seek in part to justify by allegations of various kinds as to the trade policy of this country. For example, the criticism is often made in Latin America that we do not wish them to industrialize. In support of this position it is pointed out that our tariffs are higher on semi-manufactured and manufactured products than on raw materials, thus making it more difficult for them to process their raw materials before exporting them to us. They also maintain that they need tariff protection for their young industries and argue that the United States grew to industrial greatness with the help of tariff protection for its industries. They therefore state that the United States should unilaterally reduce its duties on imports from Latin America while agreeing that they maintain or increase their tariffs on imports from the United States.

It must be admitted that our tariffs do make it harder for the Latin Americans to sell semi-processed and processed goods to us than to sell us raw materials. In general, however, the tariff treatment accorded by the United States to imports from Latin America is very favorable. Approximately four-fifths of such imports are on the free list and they are therefore not subject to duty. Furthermore, the average rate of duty on dutiable imports from Latin America is generally very low. In 1953 it was 8.4%. In addition, during the past 20 years the United States has probably done more than any major trading country of the world to reduce its tariffs. During the same period, the Latin American countries have increased their tariffs, especially on manufactured products. They have also instituted a large number of other restrictions on imports which are often more restrictive than tariffs. Some of them have export taxes on raw materials which do not apply to manufactured goods. Many of them have multiple exchange rate systems which, at times, have the effect of giving greater encouragement to the exportation of manufactured products than to the exportation of raw materials.

With reference to the effect which trade policy may have had on the industrial growth of the United States, to which our Latin American friends refer, it appears much more likely that the development of our industry in a very large free trade area of 48 states, in which competitive conditions prevailed, was much more important than the fact that our industries were protected against imports from other countries.

In view of considerations such as these, the position of the United States is that while we are prepared, subject to approval by Congress of adequate authority, to negotiate with the Latin American countries, as with other countries, for a reasonably orderly and reciprocal reduction of trade barriers, we are not prepared unilaterally to reduce our tariffs. At the same time, we are willing to examine sympathetically with our Latin American neighbors specific situations where they believe that their industrial development is being retarded by a lack of tariff protection. In doing so, we believe that they will be influenced by the fact that in order to provide increased real income for their growing populations they must increase their economic productivity and that encouraging industry to develop under competitive conditions is an effective means to this end.

### Financing Development

It is estimated that over 90% of the funds that have gone into economic development in Latin America in recent years have been supplied from Latin America's own savings. The remainder has been supplied by foreign investors, private and public. It is, of course, upon Latin American savings that the other American republics must continue primarily to rely for economic development funds. The United States has, however, been a significant source of foreign capital. The increase of United States direct private investment in Latin America of approximately $440 million per year since the Second World War, has helped to finance a considerable portion of the foreign currency costs of their economic development. Loans of the Export-Import Bank and the International Bank have also helped supply Latin America's needs for capital goods from abroad.

United States private capital would undoubtedly be available to the Latin American countries in a much larger volume if they wanted it and deliberately tried to attract it. Private capital could be made available by the United States on a much larger scale than could public capital. Measured against domestic private investment in the United States, our private investment in Latin America is exceedingly small. The $6 billion of direct private investment which we have made in Latin America, and which has been built up to this figure over a period of many years, is actually small by comparison with domestic private investment in the United States during any one year. For example, it is small in comparison with domestic private investment in the United States during 1953 in the amount of $55.7 billion.

The Latin American countries would undoubtedly gain much from the investment of further United States private capital. To them it would mean increased economic development with the many benefits that it brings. In terms of increased income, however, the United States investor has little to gain by investing in Latin America. In fact one of the principal reasons why additional United States capital does not flow into the Latin American countries is the existence of opportunities in the United States for investing exceedingly large sums of capital at rates of return which are almost as high, and in some cases higher, than the rates that could be earned in Latin America. In certain fields, such as public utilities, the average rate of return earned by private capital in the United States is considerably higher than in Latin America and it is difficult to see how there can be any substantial flow of private investment funds into such fields until the situation is radically altered.

There are also at present a number of basic attitudes which are widely held in Latin America that would have to be overcome before the flow of United States private capital could be materially increased. For example, it is often alleged that United States capitalists are invading the Latin American countries, are attempting to control them, and do not wish them to become industrialized because we wish them to be merely a source of raw materials and a market for industrial products. As I have indicated earlier, the amount of United States private capital flowing into Latin America is exceedingly small in comparison with the amount invested domestically in the United States. With respect to the allegation that United States corporations seek to exercise control over the Latin American countries, it may be pointed out that on a per capita basis United States investment in Canada is approximately 10 times as great as in Latin America and that our neighbors to the north would resent and know to be untrue the allegations that our investments influence their economic life.

Although there were undoubtedly abuses in the past, the record of United States business in Latin America has been increasingly good. It is upon the Latin American governments, rather than upon our own, that the responsibility devolves for seeing that any remaining abuse is checked and that business in their countries is conducted in the national interest. Today, I believe that it is a fact that foreign business in Latin America is more sinned against than sinning and that in some sectors several of the Latin American governments have gone so far in harassment and restrictive measures as to discourage further investment which could materially facilitate their economic development. It is, however, for them, rather than for us, to determine the rate at which investments should flow into their countries and we have no desire to encourage capital to go into countries where it is not wanted.

With reference to the allegation that we do not wish the Latin American countries to industrialize, to which I also made references earlier in discussing trade problems, it might be pointed out that much of the private capital that is now going into Latin America is going into industrial undertakings. Further more, as a Government, we have steadily sought to promote the industrialization of Latin America and have applauded their progress in this field. Since the Export-Import Bank was established in 1934, it has made loan commitments to the Latin American countries of more than $2 billion, of which considerably more than one-half has been committed since 1945. These loans have made a substantial contribution to industrial development in Latin America. Our technical cooperation program has contributed substantially to the same objective.

As is the case with private capital, the rate at which additional public loan capital will flow into Latin America is largely for our Latin American neighbors to determine. The flow of loan funds could undoubtedly be substantialy increased. Their ability to borrow depends, of course, on the basic soundness of their financial position and of the projects for which they seek financing. These in turn depend upon many factors, including not only the volume of their exports but their financial and monetary stability. To a very considerable extent these are factors within the determination of the Latin American countries as sovereign nations and there are close limitations on our ability or our right to influence their action.

As you may know, the United States and the other American Republics are scheduled to meet in Rio de Janeiro, Brazil, this fall in a Conference of Ministers of Economy or Finance. The problems which I have been discussing with you will make up a large part of the agenda for that Conference and are to be thoroughly discussed. The United States is now very actively formulating its position for the Conference. It is our belief that not only the United States but the Latin American countries should go to the Conference with positive programs for meeting the problems. Their stake in maintaining and, if possible, improving the generally good economic relations which exist between the two areas is as great as ours, and I am confident that within the framework of our respective national economic policies a good deal of progress will be achieved at Rio de Janeiro.

## With First Southern Inv.

(Special to THE FINANCIAL CHRONICLE)

BOYNTON BEACH, Fla. — Charles B. Barnhart is now associated with First Southern Investors Corporation, Southwest First Avenue.

## Kidder Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

ORLANDO, Fla. — George W. Newhart has become affiliated with A. M. Kidder & Co., 127 North Main Street.

## With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

TAMPA, Fla. — Schuyler S. Hunter is now with Merrill Lynch, Pierce, Fenner & Beane.

## With Federated Mgt.

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. — John F. Morse is now with Federated Management Corp., 287 Park Ave.

## Joins Hayden, Stone

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Vincent G. Rose is now with Hayden, Stone & Co., 10 Post Office Square. He was formerly with Louis P. Mott & Co.

## Three With Inv. Planning

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Abbott G. Allbee, Ronald J. McKinnon and Irma L. O'Donoghue have become associated with Investors Planning Corp. of New England, Inc., 68 Devonshire Street.

## With E. E. Mathews

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Gene S. Raymond is now with Edward E. Mathews Co., 53 State Street.

## With Marache, Dofflemyre

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Daniel R. Gorman is now with Marache, Dofflemyre & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange.

# *Public Utility Securities*

By OWEN ELY

## The Connecticut Utilities

A few years ago the over-counter* stocks of the three important electric utilities serving the State of Connecticut were outstanding in the utility list as "blue ribbon" stocks. Sometimes analysts found it hard to explain why these stocks sold so high in relation to earnings and dividends as compared with other issues, and the answer appeared to be that they were local favorites with Connecticut institutions and private investors.

However, it is interesting to note that while the rest of the utility list has been advancing substantially, these stocks have made comparatively little progress on the upside—in fact none of them seem to be selling higher than in the year 1946. Following are the approximate price ranges as compared with the Dow Jones utility average:

| Year— | Connecticut Light & Power | Connecticut Power | Hartford Electric Light | Dow-Jones Utility Average |
|---|---|---|---|---|
| 1954 | 18 - 15 | 42 - 38 | 58 - 51 | 60 - 52 |
| 1953 | 16 - 15 | 41 - 37 | 54 - 50 | 54 - 48 |
| 1952 | 16 - 15 | 39 - 36 | 43 - 46 | 53 - 48 |
| 1951 | 15 - 13 | 39 - 34 | 49 - 45 | 47 - 41 |
| 1950 | 16 - 13 | 38 - 33 | 54 - 45 | 44 - 37 |
| 1949 | 15 - 13 | 38 - 31 | 50 - 44 | 41 - 33 |
| 1948 | 15 - 13 | 42 - 33 | 57 - 46 | 36 - 32 |
| 1947 | 17 - 13 | 50 - 38 | 70 - 54 | 38 - 32 |
| 1946 | 18 - 15 | 58 - 41 | 73 - 60 | 44 - 33 |
| 1945 | 16 - 11 | 55 - 42 | 68 - 53 | 39 - 26 |

*Hartford Electric Light is also traded on the American Stock Exchange.

The Connecticut utilities have enjoyed normal growth but would not be characterized as "growth" stocks. Gains in revenues for the decade ended 1953 were as follows: Connecticut Light & Power 88%, Connecticut Power 81%, Hartford Electric Light 60%. During the same period the average gain for all electric utilities has been about 88%, and a number of "growth" companies have increased their revenues 100-200% during the decade.

From an investment standpoint, however, the Connecticut companies seem very sound. The mortgage bonds of all three companies are rated Aaa by Moody, which is an important factor in appraising any utility stock. All three companies have comparatively high equity ratios although they have sold very little common stock in recent years to finance construction programs.

Perhaps the major reason for the relative lack of interest in these issues in recent years has been their very stability, even though this factor is important from an investment angle. While share earnings and dividends of some other companies have increased substantially in recent years, they have shown comparatively little net change. In 1953 Connecticut Light & Power's earnings of $1.03 were the same as in 1950, but the dividend had been increased from 82½c to 88c. Connecticut Power Company's earnings in 1953 were $2.40 vs. $2.50 in 1950, and the $2.25 dividend rate was unchanged. With the aid of a rate increase, Hartford Electric Light's earnings increased in the four-year period from $2.96 to $3.29, but the $2.75 dividend remained unchanged.

Connecticut Light & Power derives about 40% of its electric revenues from residential business, 16% from commercial, and 30% from industrial sales, the remaining 14% being principally sales to other utilities. Industrial service is well diversified with non-ferrous metal products the largest item. The company is planning further expansion, with 217,000 kw. generating capacity on order. The company now serves natural gas throughout its area, which became available when the Algonquin line was completed last fall. A general rate increase was obtained last October, but the company was allowed a return of only 5.6% on the rate base presumably because of its unusually low cost of capital.

Connecticut Power Company also received natural gas in October and rates were reduced to pass along the savings to customers. Results have been very encouraging, with sales increasing as much as 23% in one division. The company planned to ask for a residential rate increase of about $1.5 million this year, feeling that the fuel surcharge in its rate structure for commercial and industrial customers (adding about one-third of a cent per kwh. to bills) was the equivalent of a raise. Moreover, residential costs had increased faster, it was estimated.

Hartford Electric Light Company obtained its rate increase about a year earlier than the two other companies, so that the results were reflected in the 1953 increase in earnings. This company's business is entirely electrical with revenues of about $21 million a year. The company did its first equity financing since 1928 last November, with 98% of the shares offered sold by subscription. Revenues last year were 31% residential, 25% commercial, 27% industrial and 15% municipal and wholesale. The company maintains close relations with Connecticut Power Company; it owns about 60,000 shares of the latter company's stock and supplies the power requirements of a large portion of the other company's territory on a continuing contract.

### H. A. Cottingham With Lester, Ryons & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Harry A. Cottingham has become associated with Lester, Ryons & Co., 623 South Hope Street, members of the New York and Los Angeles Stock Exchanges. Mr. Cottingham has recently been with Paine, Webber, Jackson & Curtis and Hemphill, Noyes & Co. In the past he conducted his own investment business in Los Angeles.

### Paine, Webber Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Henri M. Riese has been added to the staff of Paine, Webber, Jackson & Curtis, 626 South Spring Street.

### W. W. Lambuth Forms Co.

PHOENIX, Ariz. — William W. Lambuth has formed Lambuth & Company Investments Inc. with offices in the Security Building to conduct an investment business. Mr. Lambuth was formerly with Dean Witter & Co.

# *Our Reporter on Governments*

By JOHN T. CHIPPENDALE, JR.

The Treasury announcement that the August and September certificates will be refunded by either a one-year 1⅛% certificate or a six-year and three-months 2⅛% bond, was just about what the financial district has been looking for. There were, however, some in the money markets who had been expecting a one-year 1% certificate instead of the 1⅛% one which was offered. The Treasury, by giving holders of the maturing certificates an option to take either a one-year issue or a short bond, have a package deal which will appeal to most owners of the August and September maturities. The 2⅛% bond, which falls due on Nov. 15, 1960, will have appeal to those that are looking for a bit more income and are not bound by the needs of short-term liquidity. Likewise, to the extent that there will be an exchange of the 2⅝s for the new 2⅛s, there will be an extension in maturities. This is considered to be a favorable development.

### Money Market in Good Condition

The money market is in good condition because investors have ample funds and these are being put to work not only in government securities, but also in corporates and tax free obligations. The volume and activity has been on the sizable side, due not only to switches but also to new money commitments in selected issues in the list. The most distant securities appear to have been getting the bulk of the new money buying because investors are still looking for income, and they have to move out maturities in order to get it. However, this does not mean that the intermediate term issues have not been in for important buying, because there are a number of investors who do not want to extend maturities beyond the middle-term range.

The New York City member banks, according to reports, have been among the important buyers of the longest eligible 2½s, with the September 1967/62s being the maturity which has been getting most of this buying. The loan trend in some of these institutions has been down very sharply and, in order to protect earnings, commitments are being made in the highest income Treasury obligations. There have also been reports of some maturity extensions by these same institutions in the tax-exempt issues.

### Pension Funds Active

Pension funds continue to be among the important buyers in the long government market, with indications that the public ones are making switches out of certain of their intermediate and short-term maturities in order to step up income as well as to nail down profits. Private pension funds have not been as active in the long government market as they were in the recent past, because they have been putting money into the new corporate bonds. It is reported that both the public and private pension funds were rather sizable sellers of the near-term Treasuries in order to get funds that were put into recently offered railroad securities.

### Savings Banks Favor Non-Treasuries

Savings banks, according to advices, continue to be sellers on balance in both the intermediate and long maturities of government obligations. These eliminations have not been too sizable and the market has been able to take them in stride. It is still evident that these banks are not having too much trouble in finding higher income non-government obligations, so that they are not likely to be buyers in the Treasury market for quite some time.

Fire insurance and casualty companies have not been very active in the government market because commitments of these concerns have been mainly in the tax exempts and stocks, with commons as well as preferreds being bought for income purposes.

### Life Companies Acquiring Corporates

According to reports, certain of the life insurance companies have been sellers of the intermediates and longer term Treasuries, with indications that there have been some fairly good-sized sales which have taken place from time to time. It is also reported that the funds released from the sale of the government obligations have gone largely into corporate bonds.

The cleaning up process which has been going on in both the corporate and municipal markets will, it is believed, have a beneficial effect upon the longer-term government obligations. It is reported that there are certain investors around now who have been making commitments in governments in preference to selected high grade corporate bonds.

Out of town commercial banks have been active, according to advices, in the 1959 and 1961 maturities, and the new 2⅛% refunding bond has also been well taken by these institutions in the "when issued" market.

# Says Mr. Rhee . . .

"You heard the warnings and your fathers heard the warnings (of Communist aggression), but you paid no attention. For instance, your late President, Franklin Delano Roosevelt invited and allowed the Communists to infiltrate the government, especially the State Department, and that is one of the main causes of Asian problems today.

"The Americans have not got the common guts to face the problem (of meeting the Communist threat). The United States is so mild in its warnings to the Communists because you don't really mean them and the Communists know you don't mean them."—Syngman Rhee.

**After all, this is a very real world in which we live, sir!**

### California Investors Add

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Meyer Berner, Lew M. Matsumoto, James P. Nolan and Gilbert D. Preston have been added to the staff of California Investors, 3924 Wilshire Boulevard.

### With Shearson, Hammill

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Don W. Cole, Russell C. Crozier and Leona L. MacGregor have become associated with Shearson, Hammill & Co., 520 South Grand Avenue. Mr. Cole was formerly with California Investors and Mr. Crozier with Hill Richards & Co.

### R. L. Norburn Resumes Own Investment Co.

CHARLESTON, W. Va.—Randolph L. Norburn has reopened R. L. Norburn & Co. with offices at 1506 Virginia Street East to engage in the investment business. He has recently been with Pioneer Enterprises.

### Five With Hill Richards

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Harold S. Hanover, George J. Hefner, Cornelius E. Holloway, Jr., John W. Jones, Jr. and John W. Tolly have joined the staff of Hill Richards & Co., 621 South Spring Street, members of the Los Angeles Stock Exchange.

### With Pacific Northwest Co.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg.—Arthur W. Abeita is now affiliated with Pacific Northwest Company, Wilcox Building.

### King Merritt Adds

(Special to THE FINANCIAL CHRONICLE)

FT. LAUDERDALE, Fla.—Marvin L. Atkins has been added to the staff of King Merritt & Company, Inc.

### Joins Roman & Johnson

(Special to THE FINANCIAL CHRONICLE)

FT. LAUDERDALE, Fla.—Arthur S. Pentland is now connected with Roman & Johnson, 451 East Las Olas Boulevard.

### With Goodbody & Co.

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Virginia R. Chastain has joined the staff of Goodbody & Co., 14 Northeast First Avenue.

# Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

**ACF Brill Motors Co.**
July 19 (letter of notification) 2,000 shares of common stock (par $2.50). **Price** — At market (approximately $8.25 per share). **Proceeds**—To William S. Wasserman, a director. **Underwriter**—Elliott & Co., New York.

**American-Canadian Oil & Drilling Corp.**
May 12 filed 1,500,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For drilling expenses and acquisition of additional properties for development and exploration, and related activities. **Office**—Dallas, Tex. **Underwriter**—None.

★ **American Savings Life Insurance Co.**
July 16 (letter of notification) 500,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—To increase capital and surplus. **Office**—373 E. Palm Lane, Phoenix, Ariz. **Underwriter**—None.

**Apollo Oil & Uranium Co., Denver, Colo.**
May 27 (letter of notification) 12,500,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining activities. **Office**—602 First National Bank Building, Denver, Colo. **Underwriters** — M. A. Cleek and J. Russell Tindell, both of Spokane, Wash.

**Arden Farms Co., Los Angeles, Calif.**
June 11 filed 32,669 shares of $3 cumulative and participating preferred stock (no par value) and 52,876 shares of common stock (par $1), the preferred shares being offered for subscription to holders of outstanding preferred stock of record July 7 on 1-for-10 basis, and the common stockholders to have right to subscribe for the new common stock on a 1-for-10 basis; rights to expire on Sept. 24. **Price**—For preferred, $48 per share; and for common $12.50 per share. **Proceeds**—To reduce bank loans. **Underwriter**—None.

**Arkansas Natural Resources Corp.**
June 11 (letter of notification) 299,500 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For expenses incident to drilling for magnetic iron ore. **Office**—Rison, Ark. **Underwriter**—Eaton & Co., Inc., New York, N. Y.

**Arkansas Power & Light Co. (8/24)**
July 23 filed $7,500,000 of first mortgage bonds due 1984. **Proceeds** — To repay $4,900,000 of bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Lehman Brothers, Stone & Webster Securities Corp. and White, Weld & Co. (jointly); Blyth & Co., Inc., Equitable Securities Corp. and Central Republic Co., Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly). **Bids**—Expected to be received up to noon (EDT) on Aug. 24 at Two Rector Street, New York, N. Y.

★ **Atomic Instrument Co., Cambridge, Mass.**
July 29 (letter of notification) 31,632 shares of common stock (par $1) to be first offered to stockholders at the rate of one new share for each four shares held. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—84 Massachusetts Ave., Cambridge, Mass. **Underwriters**—Chace, Whiteside, West & Winslow, Inc. and Draper, Sears & Co., both of Boston, Mass.; Fahnestock & Co. and Amott, Baker & Co., Inc., both of New York; and Naumann, McFawn & Co., Detroit, Mich.

● **Automatic Firing Corp., St. Louis, Mo. (8/10)**
June 30 (letter of notification) $300,000 of seven-year convertible debentures due Aug. 1, 1961 (convertible at rate of one share of $1 par class A common stock for each $2 principal amount of debentures). **Price**—At par (in units of $1,000 each). **Proceeds**—For working capital. **Underwriter**—White & Co., St. Louis, Mo. **Dealer Relations Representative**—Geo. A. Searight, 115 Broadway, New York, N. Y. (telephone BArclay 7-8448.)

★ **Axe-Houghton Fund A, Inc., N. Y.**
July 30 filed 500,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

**Basic Atomics, Inc., New York**
June 28 (letter of notification) 191,700 shares of common stock (par 10 cents), of which 170,000 shares are for the account of the company and 21,700 shares for the account of selling stockholders. **Price**—$1.50 per share. **Proceeds**—For mining expenses. **Office**—111 Broadway, New York, N. Y. **Underwriter** — Albert Kravitz Co., Washington, D. C.

**Basin Natural Gas Corp., Santa Fe, N. Mex.**
Dec. 23 (letter of notification) 748,000 shares of common stock (par five cents). **Price**—40 cents per share. **Proceeds**—To acquire properties and leases. **Office** — Blatt Bldg., Santa Fe, N. M. **Underwriter**—Hunter Securities Corp., New York.

**Big Indian Uranium Corp., Provo, Utah**
July 15 (letter of notification) 500,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining operations. **Address**—Box 77, Provo, Utah. **Underwriter**—Weber Investment Co., 242 N. University Ave., Provo, Utah.

**Buffalo Forge Co., Buffalo, N. Y.**
July 7 filed 85,000 shares of common stock (par $1). **Price**—To be related to current market price at time of offering. **Proceeds**—To 11 selling stockholders. **Underwriter**—Hornblower & Weeks, New York. **Offering**—Postponed indefinitely.

**Byrd Oil Corp., Dallas, Texas**
June 15 filed 260,000 shares of 6% cumulative convertible class A common stock (par $7.50) being offered for subscription by common stockholders of record June 15 at rate of one new share for each 2.5 shares held; with rights to expire on Aug. 11. **Price** — $8.10 per share to stockholders, $9 to public. **Proceeds** — For payment of notes and accounts payable and for working capital. **Underwriters**—Dallas Rupe & Son, Dallas, Texas, and Straus, Blosser & McDowell, Chicago, Ill. (latter handling books).

● **California Electric Power Co.**
April 22 filed 105,000 shares of cumulative preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds** — To redeem two issues of $2.50 preferred stock (par $50), totaling 98,800 shares. **Underwriter** — Merrill Lynch, Pierce, Fenner & Beane, New York. **Offering**—Temporarily deferred. (See also proposed issue of 107,000 shares of common stock under "Prospectus Offerings" below).

★ **California Electric Power Co.**
July 21 (letter of notification) 8,000 shares of common stock (par $1). **Price** — At market (on the American Stock Exchange). **Proceeds** — To Mono Power Co. (an affiliate) to retire indebtedness. **Underwriter**—Wagenseller & Durst, Inc., Los Angeles, Calif.

**Canada General Fund (1954) Ltd. (8/16-17)**
July 23 filed 2,500,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—For investment. **Underwriters**—Bache & Co. and Paine, Webber, Jackson & Curtis (latter handling books). **Sponsor** — Vance, Sanders & Co., Boston, Mass.

**Carpenter-Morrison Uranium & Oil Co., Inc.**
July 8 (letter of notification) 250,000 shares of common stock. **Price**—At par (10 cents per share.) **Proceeds**—For mining expenses. **Underwriter**—None. **Office**—600 Utah Savings and Trust Bldg., Salt Lake City, Utah.

★ **Catalin Corp. of America**
July 28 (letter of notification) 65,000 shares of common stock (par $1). **Price**—To be supplied by amendment (may be around $4.50 per share). **Proceeds**—For working capital. **Office** — One Park Ave., New York, N. Y. **Underwriter**—Fulton, Reid & Co., Cleveland, Ohio.

**Central Telephone Co., Lincoln, Neb. (8/10)**
July 19 filed $1,500,000 of convertible subordinated debentures due May 1, 1969. **Price**—At 100% of principal amount. **Proceeds**—For construction expenditures, for advances to, and investment in stocks of subsidiaries, and for general corporate purposes. **Underwriters** — Paine, Webber, Jackson & Curtis, of New York and Boston; and Loewi & Co., Milwaukee, Wis.

**Century Acceptance Corp.**
May 27 (letter of notification) 58,000 shares of class A common stock (par $1). **Price**—$5 per share. **Proceeds**—For working capital. **Office**—1334 Oak Street, Kansas City 6, Mo. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill. **Offering**—Expected in August.

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

**Cherokee Utah Uranium Corp.**
June 24 (letter of notification) 6,000,000 shares of capital stock (par one cent). **Price**—Three cents per share. **Proceeds**—For mining expenses. **Office**—65 East 4th South, Salt Lake City, Utah. **Underwriter**—Cromer Brokerage Co., Salt Lake City, Utah.

● **Chief Consolidated Mining Co.**
June 24 filed 1,252,408 shares of preferred stock (par 50 cents) and 626,204 preferred stock purchase warrants being offered for subscription by common stockholders of record Aug. 2 on the basis of one share of preferred and an option to purchase one additional share of preferred stock (at 50 cents per share) for each two common shares held (with an oversubscription privilege); rights to expire on Sept. 30. **Price**—55 cents per unit. **Proceeds**—For development program and working capital and general corporate purposes. **Office**—Salt Lake City, Utah. **Underwriter**—None. Statement effective July 28.

★ **Chute Canyon Uranium Co.**
July 26 (letter of notification) 1,500,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For drilling and exploration. **Office**—334 Judge Bldg., Salt Lake City, Utah. **Underwriter**—James E. Reed Co., Salt Lake City, Utah.

**Consol. Edison Co. of New York, Inc.**
April 7 filed $50,000,000 of first and refunding mortgage bonds, series K, due May 1, 1984. **Proceeds**—To be applied towards cost of redeeming $27,982,000 New York Steam Corp. first mortgage bonds and $25,000,000 Westchester Lighting Co. general mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Offering**—Originally set for May 11, but has been postponed because of market conditions. No new date set.

## NEW ISSUE CALENDAR

**August 5 (Thursday)**
Lakefront Dock & RR. Terminal Co. — Bonds
(Bids noon EDT) $3,650,000

**August 9 (Monday)**
Harrisburg Steel Co. — Common
(Carl M. Loeb, Rhoades & Co.) 186,683 shares
Pacific Power & Light Co. — Bonds
(Bids noon EDT) $30,000,000
Trans-World Uranium Corp. — Common
(Charles Weinstein & Co.) $293,750

**August 10 (Tuesday)**
Automatic Firing Corp. — Debentures
(White & Co.) $300,000
Central Telephone Co. — Debentures
(Paine, Webber, Jackson & Curtis and Loewi & Co.) $1,500,000
Kopp Scientific, Inc. — Common
(McCoy & Willard) $15,000
New York Capital Fund of Canada Ltd. — Common
(Carl M. Loeb, Rhoades & Co.) 1,000,000 shares
Republic Uranium Corp. — Common
(Teden & Co., Inc.) $297,500

**August 11 (Wednesday)**
Chicago Great Western Ry. — Bonds
(Bids noon (CDT) $5,000,000
Pittsburgh Metallurgical Co., Inc. — Debentures
(Offering to stockholders—underwriter Kuhn, Loeb & Co.) $2,023,500
Southern Colorado Power Co. — Preferred
(Stone & Webster Securities Corp.; Paine, Webber, Jackson & Curtis; Boettcher & Co.; Bosworth, Sullivan & Co., Inc.; William R. Staats & Co.; Hutchinson & Co., and Rauscher, Pierce & Co., Inc.) $1,500,000
United Funds Canada Ltd. — Common
(Glore, Forgan & Co. and Francis I. duPont & Co.) about $25,000,000

**August 12 (Thursday)**
King Copper Mining Corp. — Common
(D. Gleich Co.) $147,500

**August 16 (Monday)**
Canada General Fund (1954) Limited — Common
(Bache & Co. and Paine, Webber, Jackson & Curtis) $25,000,000
Supermarket Merchandisers of America Inc. — Com.
(Milton D. Blauner & Co., Inc.) $299,550

**August 17 (Tuesday)**
New Jersey Power & Light Co. — Bonds
(Bids 11 a.m. EDT) $8,700,000
Thompson-Starrett Co., Inc. — Preferred
(Blair, Rollins & Co. Inc. and Emanuel Deetjen & Co.) $1,450,000

**August 18 (Wednesday)**
Southern California Edison Co. — Bonds
(Bids to be invited) $30,000,000

**August 24 (Tuesday)**
Arkansas Power & Light Co. — Bonds
(Bids noon EDT) $7,500,000
Niagara Mohawk Power Corp. — Bonds
(Bids to be invited) $25,000,000
Northern States Power Co. — Preferred
(Bids to be invited) $20,000,000

**August 31 (Tuesday)**
California Electric Power Co. — Common
(Bids to be invited) 170,000 shares
Southern Bell Telephone & Telegraph Co. — Debs.
(Bids to be invited) $55,000,000

**September 8 (Wednesday)**
Western Maryland Ry. — Bonds
(Bids to be invited) $16,000,000

**September 14 (Tuesday)**
Oklahoma Gas & Electric Co. — Preferred
(Bids may be invited) $7,500,000

**September 28 (Tuesday)**
New England Electric System — Common
(Offering to stockholders—bids to be invited)
Northern States Power Co. — Bonds
(Bids to be invited) $20,000,000

**September 30 (Thursday)**
Louisville & Nashville RR. — Bonds
(Bids to be invited) $30,350,000

**October 4 (Monday)**
Public Service Co. of Colorado — Bonds
(Bids to be invited) $20,000,000

**October 5 (Tuesday)**
Indiana & Michigan Electric Co. — Bonds
(Bids 11 a.m. EDT) $15,500,000
Indiana & Michigan Electric Co. — Preferred
(Bids 11 a.m. EDT) $4,000,000
Wisconsin Power & Light Co. — Bonds
(Bids to be invited) $18,000,000

**Crown Uranium Co., Casper, Wyo.**
June 11 (letter of notification) 2,400,000 shares of common stock (par 5 cents). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Office**—205 Star Bldg., Casper, Wyo. **Underwriter**—Forbes & Co., First National Bank Bldg., Denver 2, Colo.

**Danaho Refining Co., Houston, Texas**
June 14 filed $625,000 of 6% debentures and 375,000 shares of common stock (par 10 cents) to be offered in units of $50 of debentures and 30 shares of stock. **Price**—$100 per unit. **Proceeds**—For additions and improvements. **Underwriter**—None.

**Danaho Refining Co., Houston, Texas**
June 14 filed 110,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For additions and improvements. **Underwriter**—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. **Office**—300 Kittredge Bldg., Denver, Colo. **Underwriter**—H. Carl Aiken, Denver, Colo.

★ **Ebony Petroleum Corp. of Nevada, Inc.**
July 19 letter of notification) 200,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For exploration and drilling expenses. **Office**—1408½ South 5th St., Las Vegas, Nev. **Underwriter**—None.

★ **Entron, Inc., Bladensburg, Md.**
July 26 (letter of notification) $149,000 of 6% prior debentures due 1964, $150,000 of 7% convertible debentures due 1964 and 596 shares of common stock (par $1) reserved for purchase by subscribers to 6% debentures (7% debentures are convertible into common stock at $50 per share). **Price**—At par. **Proceeds**—For general corporate purposes. **Office**—4902 Lawrence St., Bladensburg, Md. **Underwriter**—None.

**Eureka Uranium Corp., Cheyenne, Wyo.**
July 12 (letter of notification) 30,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds** — For mining expenses. **Office**—2215 Duff Ave., Cheyenne, Wyo. **Underwriter**—Underwriters, Inc., Sparks, Nev.

**Financial Credit Corp., New York**
Jan. 29 filed 250,000 shares of 7% cumulative sinking fund preferred stock. **Price**—At par ($2 per share). **Proceeds**—For working capital. **Underwriter**—E. J. Fountain & Co., Inc., New York.

★ **First Railroad & Banking Co. of Georgia**
July 30 filed 42,000 units, each consisting of one share of common stock, one warrant to subscribe at $4.10 per share to 13 shares of common stock, and one $250 5% collateral trust bond due Aug. 1, 1983, to be offered for each of the 42,000 shares of outstanding common stock pursuant to plan of readjustment; also 756,000 shares of common stock, which includes 546,000 shares subject to subscription upon exercise of warrants and 210,000 shares to be offered to public at $4.50 per share through Johnson, Lane, Space & Co., Savannah, Ga., who will also purchase such of the 546,000 shares of common stock not sold upon exercise of warrants.

**Four Corners Uranium Corp., Denver, Colo.**
July 26 filed 500,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To repay bank loans, note and on contracts for purchase of certain claims and properties; and for other general corporate purposes. **Underwriter**—Campbell, McCarthy & Co., Detroit, Mich.

★ **Gas-Ice Corp., Seattle, Wash.**
July 26 (letter of notification) $150,000 of debentures and 1,500 shares of common stock (par $1) to be offered in units of a $1,000 debenture (valued at $990) and 10 shares of common stock (valued at $10). **Price**—$1,000 per unit. **Proceeds**—For note retirement, working capital, construction and expansion. **Office**—200 A Medical Arts Bldg., Seattle, Wash. **Underwriter**—None, offering to be made through Albert T. Hoppe.

★ **General American Transportation Corp.**
July 29 filed a maximum of 232,750 shares of common stock (par $2.50). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Kuhn, Loeb & Co., New York.

**General Gas Corp., Baton Rouge, La.**
March 19 filed 100,000 shares of common stock (par $5). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Underwriter**—Kidder, Peabody & Co., New York. **Offering**—Postponed indefinitely.

★ **Globe Hoist Co., Philadelphia, Pa.**
July 26 (letter of notification) 12,000 shares of common stock (par $5). **Price**—$12 per share. **Proceeds**—For working capital and refunding. **Office**—1000 E. Mermaid Ave., Philadelphia 18, Pa. **Underwriter**—None.

● **Gray Manufacturing Co., Hartford, Conn.**
June 10 filed 58,119 shares of common stock (par $5) being offered for subscription by common stockholders of record July 29 on the basis of one new share for each four shares held; rights to expire on Aug. 20. **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Underwriter**—None. Statement effective July 22.

**Gulf Coast Western Oil Co.**
July 22 (letter of notification) $299,000 of 6% convertible secured debentures. **Price**—At par. **Proceeds**—To pay present debt and for working capital. **Office**—916 Republic Bldg., Oklahoma City, Okla. **Underwriter**—Harrison & Co., Philadelphia, Pa.

**Gulf States Utilities Co.**
May 14 filed 160,000 shares of preferred stock (par $100). **Proceeds** — To redeem 50,000 shares of $4.50 dividend preferred stock, 60,000 shares of $4.40 dividend preferred stock, 1949 series, and 50,000 shares of $4.44 dividend preferred stock at the prevailing redemption prices of $105, $105, and $105.75, respectively. **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers and Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Glore, Forgan & Co. and W. C. Langley & Co. (jointly). **Bids**—Had tentatively been expected to be received up to 11:30 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed. **Meeting**—Stockholders will vote Aug. 17 on new issue.

**Gulf States Utilities Co.**
May 14 filed $24,000,000 of first mortgage bonds due June 1, 1984. **Proceeds**—To redeem $10,000,000 of 3⅜% first mortgage bonds due 1981 and $10,000,000 of 3⅜% first mortgage bonds due 1983, and for general corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Union Securities Corp.; Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Stone & Webster Securities Corp. **Bids**—Had tentatively been expected to be received up to 11 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed.

**Hagerstown (Md.) Gas Co.**
July 12 (letter of notification) $100,000 of 5% convertible notes to be offered first to common stockholders and then to public. **Price**—At par. **Proceeds**—To pay current accounts and for working capital. **Underwriter**—Alex. Brown & Sons, Baltimore, Md.

★ **Hamilton Fund, Denver, Colo.**
July 28 filed $15,000,000 of periodic investment plans certificates. **Proceeds**—For investment.

★ **Hamilton Funds, Inc., Denver, Colo.**
July 28 filed 1,000,000 shares of series H-C 7 capital stock and 1,000,000 shares of series D-A capital stock. **Price**—At market. **Proceeds**—For investment.

● **Harrisburg Steel Corp., Pa. (8/9-10)**
July 14 filed 186,683 shares of common stock (par $2.50). **Price**—To be supplied by amendment. **Proceeds**—To certain selling stockholders. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York.

**Imperial Uranium Co., Salt Lake City, Utah**
July 13 (letter of notification) 5,000,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds**—For mining operations. **Office** — 623 Judge Bldg., Salt Lake City, Utah. **Underwriter** — J. Arthur Pett, 345 State St., Salt Lake City, Utah.

**Inland Uranium, Inc.**
June 17 (letter of notification) 5,000,000 shares of capital stock (par one cent). **Price**—Two cents per share. **Proceeds**—For mining expenses. **Office**—240 S. 2nd St., East, Salt Lake City, Utah. **Underwriter**—Rocky Mountain Securities, 508 Atlas Bldg., Salt Lake City, Utah.

**Interstate Uranium, Inc., Salt Lake City, Utah**
June 14 (letter of notification) 10,000,000 shares of common stock (par 1 cent). **Price** — 3 cents per share. **Proceeds**—For mining expenses. **Underwriter**—Cayias Brokerage Co., Salt Lake City, Utah.

★ **Kanab Uranium Corp., Salt Lake City, Utah**
July 19 (letter of notification) 5,000,000 shares of common stock (par 2½ cents). **Price**—Three cents per share. **Proceeds**—For exploration and development expenses. **Office**—623 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Thornton D. Morris & Co., same city.

★ **Keystone Fund of Canada, Ltd., Montreal, Canada**
Aug. 2 it was announced this Fund contemplates a public offering of between $10,000,000 and $15,000,000 of capital stock. **Price**—Approximately $25 per share. **Proceeds**—For investment. **Underwriter** — The Keystone Co. of Boston, Boston, Mass.

**King Copper Mining Corp. (8/12)**
June 2 (filed under Regulation "D") 295,000 shares of capital stock (par $1). **Price**—50 cents per share. **Proceeds**—For expansion, diamond drilling, working capital and general corporate purposes. **Office**—1519 Pine Ave., West, Montreal, Canada. **Underwriter**—D. Gleich Co., New York.

● **Kopp Scientific, Inc. (8/10)**
July 23 (letter of notification) 30,000 shares of common stock (par 10 cents). **Price**—At market (50 cents per share to underwriters). **Proceeds**—To Lucien D. Lamar, the selling stockholder. **Underwriter**—McCoy & Willard, Boston, Mass.

★ **Lake Lauzon Mines, Ltd., Toronto, Can.**
Aug. 2 filed 660,000 shares of common stock (par $1, Canadian), of which 500,000 shares are to be offered in behalf of the company and 160,000 shares for account of Percy E. Rivett. **Price**—40 cents per share, U. S. funds. **Proceeds** — For development and exploration expenses. **Underwriter**—To be named by amendment.

**Las Vegas Continental Hotel, Inc.**
May 17 filed 500,000 shares of preferred capital stock (par $9.90) and 500,000 shares of common capital stock (no par—10¢ stated value) to be offered in units of one preferred and one common share. **Price**—$10 per unit. **Proceeds**—To build and operate a luxury hotel and for working capital. **Office**—Las Vegas, Nev. **Underwriter**—Lester L. LaFortune, Las Vegas, Nev.

**Liberty Uranium Corp., Salt Lake City, Utah**
July 1 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds**—For mining operations. **Office**—402 Darling Bldg., Salt Lake City, Utah. **Underwriter** — Uranium Mart, Inc., 146 S. Main St., Salt Lake City, Utah.

**Loma Uranium Corp., Denver, Colo.**
June 18 filed 1,000,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For exploration and development costs, purchase of equipment, and reserve for acquisition of additional properties. **Underwriters**—French & Co., Houston, Tex., and Peter Morgan & Co., New York.

★ **Lucky D Uranium Mining Co., Cortez, Colo.**
July 20 (letter of notification) 1,500,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For exploration and development expenses. **Underwriters**—Brereton Rice & Co., Inc., Denver, Colo., and James M. Toolan & Co., New York, N. Y.

★ **Managed Fund, Inc., St. Louis, Mo.**
Aug. 2 filed 2,000,000 shares of several classes of stock. **Price**—At market. **Proceeds**—For investment.

★ **Marie Antoinette, Inc., Fort Lauderdale, Fla.**
July 26 (letter of notification) 3,000 shares of common stock. **Price**—At par ($100 per share). **Proceeds**—To purchase Marie Antoinette Apartments. **Office**—22222 N. Atlantic Blvd., Fort Lauderdale, Fla. **Underwriter**—None.

**Marion River Uranium Co.**
June 14 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For development expenses. **Underwriter**—Crerie & Co., Houston, Tex.

● **Mars Metal Corp., San Francisco, Calif.**
July 23 filed 121,000 shares of class A stock (par 10 cents) and 3,000,000 shares of common stock. It is planned to sell at $2.50 per share 75,000 class A shares privately, the remaining 46,000 shares to be issued to provide working capital or funds for investment. Of the common stock, 320,000 shares are to be reserved for holders of class A stock; 172,000 shares for issuance at 10 cents per share pursuant to stock options given to certain key employees; and 100,000 shares are reserved for issuance at $1.50 per share during the years 1955-1957 upon the exercise of a like number of warrants granted to certain dealers in connection with public offering by F. W. Stephens Co., New York, of 199,000 class A shares. The registration statement may be amended to change the designation of the 121,000 shares of class A stock to class B stock. **Price**—Of common, may be $2.50 per share when offered.

★ **Mayrand, Inc., Greensboro, N. C.**
July 26 (letter of notification) 1,000 shares of 6% cumulative preferred stock (par $50) and 2,500 shares of common stock (par $10) to be offered in units of 10 shares of common stock and four shares of preferred stock. **Price**—$300 per unit. **Proceeds**—For development, production and sales of ethical pharmaceuticals. **Office** — 1020-42 Westside Drive, Greensboro, N. C. **Underwriter**—None.

**McCluskey Wire Co., Inc., New Haven, Conn.**
June 21 (letter of notification) $95,000 of 5% debentures, series A, due July 1, 1962, and $95,000 of 6% debentures, series B, due July 1, 1970. **Proceeds**—To acquire assets and business of H. & T. McCluskey & Sons, Inc. **Office**—527 Grand Avenue, New Haven, Conn. **Underwriter**—Barnes, Bodell & Goodwin, Inc., New Haven, Conn.

★ **Mid-Atlantic Corp.**
July 26 (letter of notification) 120,000 shares of common stock. **Price**—At par (50 cents per share). **Proceeds**—For investments in other businesses. **Office**—2 Main St., Bradford, Pa. **Underwriter**—William T. Bowler & Co., Bradford, Pa.

**Midland General Hospital, Inc., Bronx, N. Y.**
May 17 filed 900 shares of common stock (no par). **Price**—$1,000 per share. **Proceeds**—To erect a hospital in the Borough of Paramus, N. J., and for working capital, etc. **Underwriter**—None.

**Mission Indemnity Co., Pasadena, Calif.**
March 29 filed 600,000 shares of common stock (par 65 cents) to be offered first to stockholders and to general public. **Price**—$2 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

**Missouri Public Service Co.**
April 23 filed 50,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To redeem outstanding first preferred stock ($3,475,000), to repay $750,000 bank loans and the balance for construction program. **Underwriter**—Kidder, Peabody & Co., New York. **Offering** — Postponed indefinitely.

**Monterey Oil Co., Los Angeles, Calif.**
Feb. 2 filed 257,338 shares of common stock (par $1). **Price**—At the market price then prevailing on the New York Stock Exchange, or through special offerings or secondary distributions. **Proceeds**—To Lehman Borthers (400 shares); partners of Lehman Brothers and members of their immediate families (150,458); and The Lehman Corp. (106,480). **Underwriter**—None. No general offer planned.

**Mountain States Uranium, Inc.**
May 19 (letter of notification) 30,000,000 shares of common stock. **Price**—At par (1 cent per share). **Proceeds**—For mining expenses. **Office**—1117 Miner St., Idaho Springs, Colo. **Underwriter**—Underwriters, Inc., Sparks, Nevada.

★ **Mountain Valley Oil Corp., Denver, Colo.**
July 19 (letter of notification) 299,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For well drilling. **Office** — 701 Kittredge Bldg., Denver, Colo. **Underwriter**—None.

**Natick Industries, Inc., Natick, Mass.**
March 10 (letter of notification) 58,800 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For working capital, etc. **Underwriter**—J. P. Marto & Co., Boston, Mass.

**National Tank Co., Tulsa, Okla.**
July 20 (letter of notification) 6,800 shares of common stock (par $1). **Price**—$29 per share. **Proceeds**—To two

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selling stockholders. **Underwriter**—Schneider, Bernet & Hickman, Dallas, Tex.

**New Jersey Power & Light Co. (8/17)**
July 20 filed $8,700,000 of first mortgage bonds due Aug. 1, 1984. **Proceeds**—$1,585,000 to repay bank loans, $5,500,000 to redeem 4¼% first mortgage bonds now outstanding, and $1,615,000 for construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kuhn, Loeb & Co. and Lehman Brothers (jointly); Equitable Securities Corp.; Union Securities Corp. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane. **Bids**—Expected to be received up to 11 a.m. (EDT) on Aug. 17 at 67 Broad St., New York 4, N. Y.

**New Mexico Copper Corp., Carrizozo, N. M.**
June 14 (letter of notification) 198,000 shares of capital stock (par 25 cents). **Price**—50 cents per share. **Proceeds**—For acquisition of power plant, improvement of mill, development of properties and general corporate purposes. **Underwriter**—Mitchell Securities, Inc., Baltimore, Md.

● **New York Capital Fund of Canada, Ltd. (8/10-11)**
July 27 filed 1,000,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York.

**North Park Uranium Co., Inc.**
July 13 (letter of notification) 750,000 shares of common stock (par 10 cents.) **Price**—40 cents per share. **Proceeds**—For mining operations. **Office**—501 Aliso Drive, N. E., Albuquerque, N. M. **Underwriter**—Philip Gordon & Co., Inc., New York. Statement effective July 28.

★ **North-West Telephone Co., Madison, Wis.**
July 30 (letter of notification) 3,000 shares of common stock to be offered for subscription by stockholders. **Price**—At par ($50 per share). **Proceeds**—For capital improvements. **Office**—119 Monona Ave., Madison, Wis. **Underwriters**—Harley, Haydon & Co. and Bell & Farrell, Inc., both of Madison, Wis.

★ **Northern States Power Co. (Minn.) (8/24)**
July 29 filed 200,000 shares of cumulative preferred stock (par $100). **Proceeds**—To refund a like amount of $4.80 cumulative preferred stock, presently outstanding. **Underwriter**—To be determined by competitive bidding. Probable bidders: Smith, Barney & Co.; Lehman Brothers and Riter & Co. (jointlly). **Bids** — Expected to be received on Aug. 24.

**Pacific Power & Light Co. (8/9)**
July 2 filed $30,000,000 first mortgage bonds due Aug. 1, 1984. **Proceeds**—$24,934,542 to be used to refund all outstanding bonds of Mountain States Power Co. (merged with Pacific Power & Light Co.), and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and White, Weld & Co. (jointly); Kidder, Peabody & Co.; Union Securities Corp.; Lehman Brothers, Bear, Stearns & Co. and Salomon Bros. & Hutzler (jointly). **Bids**—Expected to be received up to noon (EDT) on Aug. 9 at Room 2033, Two Rector Street, New York City.

**Pacific Telephone & Telegraph Co.**
**May 7 filed 1,004,603 shares of common stock to be offered for subscription by common and preferred stockholders in the ratio of one share for each seven shares of common and/or preferred stock held. Price—At par ($100 per share). Proceeds—To reduce bank borrowings.. Underwriter—None.**

**Pacific Western Oil Corp.**
**June 25 filed 100,000 shares of common stock (par $4). Price—At market. Shares to be offered from time to time on the New York Stock Exchange, and may be offered to specific persons, firms or corporations in off-the-floor sales. Proceeds—To J. Paul Getty, President. Underwriter—None.**

**Peabody Coal Co., Chicago, Ill.**
July 14 (letter of notification) 17,300 shares of 5% convertible prior preferred stock (par $25). **Price**—At market (estimated at $11.75 per share). **Proceeds**—To certain selling stockholders.—**Underwriter**—Fairman, Harris & Co., Inc., Chicago, Ill.

★ **Perkin-Elmer Corp., Norwalk, Conn.**
July 27 (letter of notification) 7,385 shares of common stock (par $1) to be offered to employees. **Price**—$7.50 per share. **Proceeds**—For working capital. **Office**—Main Ave., Norwalk, Conn. **Underwriter**—None.

**Petaca Mining Corp., Santa Fe, N. Mex.**
June 9 filed 600,000 shares of cumulative sinking fund preference stock and 300,000 shares of 10-cent par common stock to be offered in units of two preference shares and one common share. **Price**—$3 per unit. **Proceeds**—To retire 40,526 shares of outstanding preferred stock, for power line extensions and electric transformers, equipment and machinery, exploration and working capital. **Underwriter**—Barrett Herrick & Co., Inc., New York.

★ **Phanton Creek Copper, Inc.**
July 15 (letter of notification) 100,000 shares of common stock (par five cents). **Price**—12½ cents per share. **Proceeds**—For mining operations. **Office**—321 West 4th St., Cle Elum, Wash. **Underwriter** — S. J. Holden, same address.

★ **Pioneer Uranium Corp., Moab, Utah**
July 19 (letter of notification) 1,400,000 shares of capital stock (par 15 cents). **Price**—20 cents per share. **Proceeds** — For mining operations. **Underwriter** — Harrison S. Brothers & Co., Salt Lake City, Utah.

● **Pittsburgh Metallurgical Co., Inc. (8/11)**
July 23 filed $2,023,500 of convertible subordinated debentures due Aug. 1, 1974, to be offered for subscription by common stockholders at the rate of $100 of debentures for each 25 shares of common stock held (for a 14-day standby). **Price**—$100 per $100 principal amount. **Proceeds**—For working capital. **Office**—Niagara Falls, N. Y. **Underwriter**—Kuhn, Loeb & Co., New York.

★ **Plains Mobile Credit Corp., Amarillo, Tex.**
July 15 (letter of notification) 300 shares of series A non-voting non-cumulative preferred stock, 300 shares of series B non-voting cumulative preferred stock and 300 shares of series B non-voting common stock. **Price**—At par ($50 per share). **Proceeds**—For working capital. **Office**—Room 505, Amarillo Bldg., Amarillo, Tex. **Underwriter**—None.

**Pubco Development, Inc., Albuquerque, N. M.**
June 16 filed 908,967 shares of common stock (par $1) to be issued and sold at $1 per share upon exercise of outstanding subscription warrants (dates advanced to period July 15 through Oct. 15). **Proceeds**—For general corporate purposes. **Underwriter**—None. Statement effective July 6.

● **Republic Uranium Corp., Moab, Utah (8/10)**
June 28 (letter of notification) 1,190,000 shares of common stock (par five cents). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Underwriter**—Teden & Co., Inc., New York.

**Rockhill Productions, Inc.**
July 15 (letter of notification) warrants to purchase 23,029 shares of common stock. **Price** — $2 per share. **Proceeds**—To two selling stockholders. **Underwriters**—Mortimer B. Burnside & Co., Inc. and Batkin & Co., both of New York.

**Savage Industries, Inc., Phoenix, Ariz.**
July 8 (letter of notification) 4,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—306 Heard Bldg., Phoenix, Ariz. **Underwriter** — Pacific Coast Securities Co., San Francisco, Calif.

**Shasta Water Co., San Francisco, Calif.**
July 15 (letter of notification) 22,000 shares of common stock (par $2.50). **Price**—To be supplied by amendment. **Proceeds**—For capital expenditures and working capital. **Underwriter**—Davidson & Co., San Francisco, Calif.

**Somerset Telephone Co., Norridgewock, Me.**
June 11 (letter of notification) 2,200 shares of capital stock. **Price**—At par ($5 per share). **Proceeds**—For expansion and new equipment. **Underwriters**—E. H. Stanley & Co., Waterville, Me.; and Clifford J. Murphy Co., Portland, Me.

★ **Southern Bell Telephone & Telegraph Co. (8/31)**
July 30 filed $55,000,000 30-year debentures due Sept. 1, 1989. **Proceeds** — To repay advances from American Telephone & Telegraph Co., parent, and for general corporate purposes. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.; Kuhn, Loeb & Co. **Bids**—Expected to be received up to 11 a.m. (EDT) on Aug. 31.

**Southern California Edison Co. (8/18)**
July 27 filed $30,000,000 of first and refunding mortgage bonds, series F, due 1979. **Proceeds**—To retire $6,000,000 of short-term loans and to finance construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders. Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Blyth & Co., Inc.; The First Boston Corp. and Dean Witter & Co. (jointly). **Bids**—Tentatively scheduled to be received on Aug. 18.

**Southern Colorado Power Co. (8/11)**
July 21 filed 30,000 shares of 4.72% cumulative preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds**—For payment of obligations and bank loans incurred for construction. **Underwriters**—Stone & Webster Securities Corp.; Paine, Webber, Jackson & Curtis; Boettcher & Co.; Bosworth, Sullivan & Co., Inc.; William R. Staats & Co.; Hutchinson & Co.; and Rauscher, Pierce & Co., Inc.

**Stardust, Inc., Reno, Nev.**
July 9 filed 621,882 shares of preferred stock (par $10) and 621,882 shares of common stock (par one cent) to be offered in units of one share of each class of stock. **Price**—$10.01 per unit. **Proceeds**—For purchase of land and to construct and equip a luxury hotel. **Underwriter**—None.

★ **Steward Uranium Drilling Co., Inc.**
July 27 (letter of notification) 300,000 shares of common stock (par 1 cent). **Price**—$1 per share. **Proceeds**—For mining operations. **Office** — Citizens National Bank & Trust Co. Bldg., Baytown, Texas. **Underwriter**—Baruch Brothers & Co., Inc., New York.

**Supermarket Merchandisers of America, Inc. (8/16)**
July 15 (letter of notification) 199,700 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For working capital and business expansion. **Office**—3219 "B" St., Philadelphia, Pa. **Underwriter**—Milton D. Blauner & Co., Inc., New York.

**Taylorcraft, Inc., Conway, Pa.**
April 30 (letter of notification) 150,000 shares of 6% cumulative convertible preferred stock, of which 100,000 shares will be offered to public and 50,000 shares to creditors. **Price**—At par ($2 per share). **Proceeds**—For working capital. **Underwriter**—Graham & Co., Pittsburgh, Pa.

**Texas International Sulphur Co., Houston, Texas**
June 21 filed 455,000 shares of common stock (par 10 cents), of which 385,000 shares are to be offered for subscription by common stockholders at the rate of one new share for each 4½ shares held; and 70,000 shares are for account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For exploration and drilling, and payment of bank loans and advances. **Underwriter**—Vickers & Co., New York, on a "best efforts" basis. **Offering**—May be made same time in September.

★ **Thompson-Starrett Co. Inc., New York (8/17)**
July 29 filed 145,000 shares of cumulative convertible preferred stock (par $10). **Price** — To be supplied by amendment. **Proceeds**—To repay $1,000,000 bank loans and for general corporate purposes. **Underwriters**—Blair, Rollins & Co. Inc. and Emanuel, Deetjen & Co., both of New York.

**Titan Manganese Mining Corp.**
July 12 (letter of notification) 299,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mining expenses. **Underwriter**—A. L. Albee & Co., Boston, Mass.

● **Trans-World Uranium Corp. (8/9)**
July 17 (letter of notification) 1,175,000 shares of common stock (par one cent). **Price** — 25 cents per share. **Proceeds** — For mining expenses. **Office** — 402 Boston Bldg., Salt Lake City, Utah. **Underwriter**—Charles Weinstein & Co., New York.

**Trican Petro-Chemical Corp., Montreal, Canada.**
April 30 filed 500,000 shares of common stock (par $1). **Price** — To be related to the market price at time of offering. **Proceeds**—For development costs and general corporate purposes. **Underwriter** — To be named by amendment.

★ **Underwood Patented Barricade, Inc.**
July 26 (letter of notification) 1,000 shares of 6% cumulative preferred stock (par $100) and 1,000 shares of common stock (par $10), preferred stockholders to have option to purchase one share of common stock. **Price**—At par. **Proceeds**—For manufacture and sale of street barricades and related products. **Office**—Crowley, Arcadia Parish, La. **Underwriter**—None.

**Union Compress & Warehouse Co.**
June 25 (letter of notification) 30,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—To 35 selling stockholders. **Office** — Memphis, Tenn. **Underwriters**—Leftwich & Ross and Mid-South Securities Co., both of Memphis, Tenn.

**Union Life and Casualty Agencies, Inc.**
July 20 (letter of notification) 50,000 shares of common stock (par $1) and 1,000 shares of 6% cumulative preferred stock (par $100). **Price**—At par. **Proceeds**—For general corporate purposes. **Underwriter**—None. **Office**—534 West Adamas Street, Phoenix, Ariz.

**United Benefit Fire Insurance Co., Omaha, Neb.**
June 14 (letter of notification) 25,000 shares of common stock (par $7) being offered first to stockholders of record July 1, 1954 on the basis of one new share for each two shares held; rights to expire on Aug. 10. **Price**—$10 per share. **Proceeds**—To increase capital and surplus. **Office**—2565 St. Mary's Ave., Omaha, Neb. **Underwriter**—Stewart, Smith & Co., Inc., New York, N. Y.

● **United Funds Canada Ltd., Toronto, Canada (8/11)**
July 16 filed 2,000,000 shares of common stock (par $1). **Price**—To be supplied by amendment (initially expected to be $12.50 per share). **Proceeds** — For investment. **Underwriters**—Glore, Forgan & Co. and Francis I. duPont & Co., both of New York.

**United States Air Conditioning Corp.**
July 19 filed 500,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Underwriters** — Mortimer B. Burnside & Co., Inc. and George F. Breen of New York, who agreed to purchase 100,000 shares, with an option to buy the other 400,000 shares. **Offering**—Expected early in August.

**Utah Moab Uranium Corp., Provo, Utah**
June 28 (letter of notification) 1,200,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds**—For mining operations. **Office**—47 N. University Ave., Provo, Utah. **Underwriter**—A. J. Shapiro, Securities Bldg., Seattle, Wash.

**Utah National Uranium Mining Corp.**
May 27 (letter of notification) 1,199,600 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds** — For mining expenses. **Office** — 402 Boston Building, Salt Lake City, Utah. **Underwriters**—Carroll, Kirchner & Jaquith, Inc., Denver, Colo., and Cromer Brokerage Co., Salt Lake City, Utah.

**Voss Oil Co., Newcastle, Wyo.**
July 1 filed 336,800 shares of common stock (par $1). **Price**—To be related to market. **Proceeds**—To 40 selling stockholders. **Underwriters**—John R. Lewis, Inc., Seattle, Wash.; and Coburn & Middlebrook, Inc. and Glidden, Morris & Co., both of New York. The registration statement also covers 2,413,200 shares of common stock which may be offered from time to time (but no definite plans are given).

★ **Washington Mutual Investors Fund, Washington, D. C.**
July 28 filed 250,000 shares of common stock. **Price**—At market. **Proceeds**—For investment.

**West Coast Pipe Line Co., Dallas, Tex.**
Nov. 20, 1952 filed $29,000,000 12-year 6% debentures due Dec. 15, 1964, and 580,000 shares of common stock (par 50 cents) to be offered in units of one $50 debenture and one share of stock. **Price**—To be supplied by amendment. **Proceeds**—From sale of units and 1,125,000 additional shares of common stock and private sales of $55,000,000 first mortgage bonds to be used to build a 1,030 mile crude oil pipeline. **Underwriters** — White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

**West Coast Pipe Line Co., Dallas, Tex.**
Nov. 20, 1952 filed 1,125,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to be used to build pipeline. **Underwriters**—White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

**★ Western Gold Mining, Inc., Seattle, Wash.**
July 29 (letter of notification) 150,000 shares of common stock. **Price**—17½ cents per share. **Proceeds**—For mining operations. **Office**—145 Horton St., Seattle 4, Wash. **Underwriter**—None.

**Western Plains Oil & Gas Co.**
May 24 filed 100,000 shares of common stock (par $1). **Price**—$4.75 per share. **Proceeds**—To redeem 1,250 outstanding preferred shares ($125,000), to repay bank loan, etc. ($2,500); for purchase or acquisition of additional mineral interests, leases and royalties in the United States and Canada and for other corporate purposes. **Office**—Glendive, Mont. **Underwriter**—Irving J. Rice & Co., St. Paul, Minn.

**White Eagle Uranium Co.**
July 12 (letter of notification) 3,000,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—351 S. State St., Salt Lake City, Utah. **Underwriter**—Arlin Davidson, 39 Exchange Place, Salt Lake City, Utah.

**★ Whiting Corp., Harvey, Ill.**
July 27 (letter of notification) 6,200 shares of common stock (par $5). **Price** — At market. **Proceeds** — To Stevens H. Hammon, Chairman of the Board. **Underwriter**—Shearson, Hammill & Co., Chicago, Ill.

**★ World Uranium Mining Corp.**
July 21 (letter of notification) 9,996,000 shares of common stock (par one cent). **Price** — Three cents per share. **Proceeds**—For exploration and development expenses. **Office**—323 Newhouse bldg., Salt Lake City, Utah. **Underwriter**—P. G. Christopulos & Co., same city.

**Yankee Uranium Co., Salt Lake City, Utah**
July 14 (letter of notification) 12,400,000 shares of common stock (par one cent). **Price**—Two cents per share. **Proceeds** — For mining expenses. **Office** — 721 Judge Bldg., Salt Lake City, Utah. **Underwriter** — James D. Reed Co., Salt Lake City, Utah.

**Zenith Uranium & Mining Corp.**
July 12 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mining operations. **Underwriter**—Sheehan & Co., Boston, Mass.

**★ Zonolite Co., Chicago, Ill.**
July 30 (letter of notification) 6,000 shares of common stock (par $1). **Price**—At market (estimated at about $4.124 per share). **Proceeds** — To Philip D. Armour, Chairman of the Board. **Office**—135 S. La Salle St., Chicago, Ill. **Underwriter**—None.

# Prospective Offerings

**American Natural Gas Co.**
April 28 stockholders approved a proposal to increase the authorized common stock from 4,000,000 to 5,000,000 shares to enable the company to sell additional shares when necessary. Offering will probably be made to present stockholders. **Proceeds**—To subsidiaries for their construction programs. **Underwriter**—None.

**American Telephone & Telegraph Co.**
June 30 it was reported the company is planning a huge issue of straight debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and The First Boston Corp. (jointly); Morgan Stanley & Co.

**Arkansas Louisiana Gas Co.**
Feb. 22 it was reported Cities Service Co. may sell its holdings of 1,900,000 shares of this company's stock. If sold at competitive bidding, bidders may include Smith, Barney & Co. and Blyth & Co., Inc. (jointly).

**★ California Electric Power Co. (8/31)**
July 29 company announced that it plans to issue and sell 170,000 shares of common stock (par $1). **Proceeds**—To retire 37,600 shares of $2.50 sinking fund preferred stock (par $50) shortly after Oct. 1, 1954. **Underwriter**—To be determined by competitive bidding. Probable bidders: Union Securities Corp. and J. A. Hogle & Co. (jointly); Lehman Brothers; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane and Dean Witter & Co. (jointly). **Registration**—Expected Aug. 6. **Bids**—To be opened Aug. 31.

**Central Illinois Electric & Gas Co.**
Dec. 9 it was announced company intends to offer and sell around the middle of 1954 an issue of $4,000,000 first mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly).

**★ Chicago Great Western Ry. (8/11)**
Bids will be received by the company up to noon (CDT) on Aug. 11 for the purchase from it of $5,000,000 collateral trust bonds due 1969. **Price**—To be named later. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Blyth & Co., Inc.; Giore, Forgan & Co.

**City Title Insurance Co., N. Y. C.**
May 20, it was announced that company is planning to issue and sell not to exceed $1,000,000 of new preferred stock. **Proceeds**—For working capital. **Underwriter**—Chilson, Newberry & Co., Inc., Kingston, N. Y.

**Colorado-Western Pipeline Co.**
March 5 it was announced company has applied to Colorado P. U. Commission for authority to build a $21,500,000 natural gas pipe line, in Colorado, to be financed through sale of about 70% of bonds and 30% of equity capital. John R. Fell, a partner of Lehman Brothers, is a Vice-President.

**Consolidated Uranium Mines, Inc.**
July 23 stockholders authorized the issuance and sale of not to exceed $6,000,000 convertible debenture bonds in connection with the acquisition of Uranium Mines of America, Inc. stock. **Underwriter** — May be Tellier & Co., Jersey City, N. J.

**Cott Beverage Corp.**
May 5 it was reported 160,000 shares of common stock are to be publicly offered—100,000 shares for account of company and 60,000 shares for selling stockholders. **Price**—In neighborhood of $10 per share. **Proceeds**—For general corporate purposes. **Underwriter**—Ira Haupt & Co., New York.

**Food Fair Stores, Inc.**
June 18 it was announced stockholders will vote Aug. 24 on increasing the authorized indebtedness from $25,000,000 to $65,000,000. In February, 1953, a $12,500,000 4% debenture issue was sold through Eastman, Dillon & Co., New York. **Proceeds** — To refinance $12,500,000 outstanding 4% sinking fund debentures due Feb. 1, 1973, and for expansion.

**General Beverage Canning Co. of Florida**
June 15 it was reported company plans to issue and sell 300,000 shares of common stock. **Price**—$1 per share. **Underwriters** — Roman and Johnson, Fort Lauderdale, Fla., and possibly Aetna Securities Corp., New York.

**General Beverage Canning Co. of Tennessee**
June 15 it was reported company plans to sell around 300,000 to 400,000 shares of common stock. **Price**—$1 per share. **Underwriter** — Elder & Co., Chattanooga, Tenn.

**General Telephone Co. of Upstate New York**
July 2 it was reported company plans to issue and sell 50,000 shares of 5% cumulative preferred stock (par $25). **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York.

**Green River Steel Corp.**
June 9 it was reported company is planning to issue and sell $2,000,000 of 15-year first mortgage convertible bonds. **Underwriter**—Equitable Securities Corp., Nashville, Tenn.

**Hudson Pulp & Paper Co.**
June 28 it was reported company may be considering some new financing. **Underwriter**—Lee Higginson Corp., New York.

**Indiana & Michigan Electric Co. (10/5)**
July 8 it was announced company plans to sell $16,500,000 first mortgage bonds due 1984 and 40,000 shares of cumulative preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: (1) For bonds—Halsey, Stuart & Co. Inc.; Union Securities Corp., Goldman, Sachs & Co. and White, Weld & Co. (jointly); The First Boston Corp.; Harriman Ripley & Co. Inc.; Kuhn, Loeb & Co.; (2) for preferred—The First Boston Corp.; Smith, Barney & Co.; Lehman Brothers; Union Securities Corp. **Registration** — Planned for Sept. 3. **Bids**—Tetnatively expected to be received up to 11 a.m. (EDT) on Oct. 5

**Kansas City Power & Light Co.**
March 8 it was announced that company may sell in the latter part of 1954 $16,000,000 first mortgage bonds. **Proceeds** — To repay bank loans and for new construction **Underwriters**—To be determined by competitive bidding Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Bear, Stearns & Co. (jointly); Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Glore, Forgan & Co.; Blyth & Co., Inc and The First Boston Corp. (jointly); White, Weld & Co and Shields & Co. (jointly); Harriman Ripley & Co., Inc. Equitable Securities Corp. **Meeting**—Stockholders on April 27 arpproved new financing.

**Kansas Power & Light Co.**
May 4, D. E. Ackers, President, announced that the company plans to sell approximately $10,000,000 of bonds later this year. **Proceeds**—To repay bank loans and for construction purposes. **Underwriter**—Previous bond sale was done privately through The First Boston Corp.

**Kentucky Utilities Co.**
June 21 it was reported company plans to issue and sell $15,000,000 first mortgage bonds, series F. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co. Inc.; The First Boston Corp. and Lehman Brothers (jointly); Union Securities Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blyth & Co., Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. **Bids** — Expected to be received in October or November.

**Kentucky Utilities Co.**
June 21 it was reported company plans to issue and sell to its common stockholders some additional common stock, either on a 1-for-9 or an a 1-for-10 basis. At April 30, 1954, there were outstanding 2,286,784 shares. **Underwriters**—Previous common stock offering, in April, 1953, was underwritten by Blyth & Co., Inc. and J. J. B. Hilliard & Sons and associates.

**Kimberly-Clark Corp.**
July 21 it was announced stockholders will vote Aug. 17 on increasing the authorized common stock from 6,000,000 shares (no par value) to 12,000,000 shares (par $5), two new shares to be issued in exchange for each no par share now held, and to provide additional capital shares for future financing. **Underwriter**—Blyth & Co., Inc., New York and San Francisco.

**★ Lakefront Dock & Railroad Terminal Co. (8/5)**
July 27 it was announced company plans to issue and sell $3,650,000 first mortgage sinking fund bonds due Aug. 1, 1974. **Proceeds** — To repay advances from New York Central RR. and Baltimore & Ohio RR. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; R. W. Pressprich & Co.; Blair, Rollins & Co. Inc. and Baxter, Williams & Co. (jointly); Harriman Ripley & Co. Inc. **Bids**—Up to noon (EDT) on Aug. 5.

**★ Lindsay Chemical Co.**
Aug. 2 it was reported that this company is said to be considering the sale of additional common stock first to stockholders. **Underwriters**—Lehman Brothers of New York, and Farwell, Chapman & Co., of Chicago.

**Long Island Lighting Co.**
April 20 it was announced company plans later in 1954 to issue $20,000,000 mortgage bonds. **Proceeds** — To finance construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; W. C. Langley & Co.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Smith, Barney & Co.

**Long Island Trust Co.**
July 27 the offering to stockholders of record July 20 of 11,500 additional shares of capital stock (par $10) on a pro rata basis was approved; rights will expire Aug. 12. **Price**—$25 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Cyrus J. Lawrence Securities Corp., New York.

**Louisville & Nashville RR. (9/30)**
July 7 it was reported that the company may issue and sell late in 1954 $30,350,000 of new first and refunding mortgage bonds due 2003. **Proceeds**—To retire $24,610,000 Atlanta, Knoxville & Cincinnati Division 4% bonds due May 1, 1955, and for general corporate purposes. **Underwriters**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co. and Salomon Bros. & Hutzler (jointly). **Bids**—Expected Sept. 30.

**McBride Oil & Gas Corp.**
June 23 it was announced 1,500,000 shares of capital stock will be publicly offered this month. **Price**—$1 per share. **Proceeds**—To finance improvements. **Underwriter**—Kramer, Woods & Co., Houston, Tex.

**Metropolitan Edison Co.**
Dec. 16 it was reported company may sell in 1954 about $3,500,000 first mortgage bonds due 1984. **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Kidder, Peabody & Co. and Drexel & Co. (jointly); Kuhn, Loeb & Co. and Salomon Bros. & Hutzler (jointly).

**Montana-Dakota Utilities Co.**
July 8 it was reported that company plans to issue and sell in September $12,000,000 of first mortgage bonds **Proceeds**—To repay bank loans and for new construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., White, Weld & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blair, Rollins & Co. Inc.

**National Fuel Gas Co.**
June 25, L. A. Brown, President, announced that the company plans to offer additional common stock to common stockholders this Fall on a 1-for-10 basis (with an oversubscription privilege). **Proceeds**—For construction program. **Underwriter** — None. **Registration**—Expected in October, 1954.

**New England Electric System (9/28)**
April 29 it was announced company plans to offer to its common stockholders next Fall additional common stock on a 1-for-10 basis. There are outstanding 9,108,824 common shares. **Proceeds** — For construction program of subsidiaries. **Underwriters** — To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., Lehman Brothers and Bear, Stearns & Co. (jointly); Carl M. Loeb, Rhoades & Co., Ladenburg, Thalmann & Co. and Wertheim & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Tentatively expected to be received on Sept. 28.

**New Orleans Public Service Inc.**
Feb. 8 it was reported company plans to offer for sale $6,000,000 of first mortgage bonds due 1984 late this year. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Union Securities Corp. and Harriman Ripley & Co. Inc. (jointly); Lehman Brothers; Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); The First Boston Corp.; White, Weld & Co.

**Niagara Mohawk Power Corp. (8/24)**
July 12, Earle J. Machold, President, announced that the company plans to issue and sell $25,000,000 of general mortgage bonds due Aug. 1, 1984. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co. and Union Securities Corp. (jointly); Morgan Stanley & Co. **Bids**—To be received on Aug. 24.

**Northern Pacific Ry.**
July 23 it was reported that company is contemplating the issuance and sale of $52,000,000 in new bonds. **Proceeds**—For refunding. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Blyth & Co., Inc. **Bids**—Expected to be received in September.

**Northern States Power Co. (Minn.) (9/28)**
July 2 it was announced company is planning the issu-

*Continued on page 34*

*Continued from page 33*

ance and sale of approximately $20,000,000 of first mortgage bonds due 1964 on or about Sept. 28. **Underwriters**—To be determined by competitive biddings. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Riter & Co. (jointly); Smith, Barney & Co.; Glore, Forgan & Co.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. and Union Securities Corp. (jointly); Kuhn, Loeb & Co., A. C. Allyn & Co. Inc. and Wertheim & Co. (jointly).

**Oklahoma Gas & Electric Co. (9/14)**
July 12 it was reported company plans to issue and sell 75,000 shares of preferred stock (par $100). Previous preferred stock financing was done privately through Kuhn, Loeb & Co., New York. If competitive, bidders may include: The First Boston Corp.; Smith, Barney & Co.; Merrill Lynch, Pierce, Fenner & Beane; Lehman Brothers and Blyth & Co., Inc. (jointly). **Registration**—Expected Aug. 16. **Bids**—Planned for Sept. 14. **Common Stock Financing**—First to stockholders, expected in 1955.

**Pan-American Uranium Corp., Salt Lake City**
June 30 it was announced that this company presently privately owned and financed, will have authorization for the issuance of 5,000,000 shares of stock. Any public financing may be handled by Kramer, Makris & Co., Houston, Tex.

**Pembina Pipe Line Co. (Canada)**
April 14 it was announced company has been granted the right to obtain a permit to build a 72-mile pipe line to transport crude oil from the Pembina Oil Field in Alberta to Edmonton. Financing will be handled jointly by Mannix Ltd. of Calgary, Dome Exploration (Western) Ltd. of Toronto, and Carl M. Loeb, Rhoades & Co. of New York.

**Progas of Canada, Inc.**
July 13 it was announced company plans to issue and sell to its stockholders an additional 1,200,000 shares of capital stock on the basis of slightly less than one new share for each four shares held (with an oversubscription privilege). **Price**—At par (25 cents per share). **Proceeds**—For capital improvements and working capital. **Underwriters** — Consolidated Coppermines Corp. and Burnham & Co., New York, have agreed to purchase, in proportions of two-thirds and one-third respectively, any of the unsubscribed shares.

● **Public Service Co. of Colorado (10/4-8)**
July 28 was reported company plans to issue $20,000,000 first mortgage bonds, due 1984. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; The First Boston Corp.; Harris, Hall & Co. Inc.; Harriman Ripley & Co., Inc. and Union Securities Corp. (jointly); Lehman Brothers; Kidder, Peabody & Co.; Blyth & Co., Inc. and Smith, Barney & Co. (jointly). **Registration**—Expected in September. **Bids**—Expected first week in October.

**Puget Sound Power & Light Co.**
April 5 the directors approved a program designed to refund the company's long-term debt. Bidders may include Halsey, Stuart & Co. Inc.; Lehman Brothers; Stone & Webster Securities Corp.

**Resources of Canada Investment Fund, Ltd.**
April 27 the SEC authorized the company to register as an investment concern and to make a public offering of securities in the United States.

**Ritter Finance Co.**
June 8 it was announced stockholders will on Aug. 17 vote on increasing the authorized preferred stock (par $50) from 14,000 shares to 50,000 shares, and the authorized class B common (par $1) from 950,000 shares to 2,000,000 shares. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa.

**Rochester Gas & Electric Corp.**
May 17 it was reported company may issue and sell this year some additional bonds and preferred stock. **Proceeds**—For new construction. **Underwriters**—(1) For bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Salomon Bros. & Hutzler; Shields & Co.; Blyth & Co., Inc.; The First Boston Corp.; Union Securities Corp. and Equitable Securities Corp. (jointly). (2) For preferred stock, The First Boston Corp.

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

● **San Diego Gas & Electric Co.**
Aug. 3 it was announced company plans to offer early in October (first to stockholders) 800,000 shares of additional common stock. **Underwriter** — Blyth & Co., Inc., San Francisco and New York.

**Scott Paper Co.**
April 27 stockholders approved proposals which increased the authorized common stock from 5,000,000 to 10,000,000 shares and the authorized indebtedness of the company from $25,000,000 to $50,000,000. The company has no specific financing program. **Underwriters**—Previous offering of $24,952,800 3% convertible debentures, in September, 1953, was underwritten by Drexel & Co., Smith, Barney & Co. and Merrill Lynch, Pierce, Fenner & Beane.

★ **Southern Pacific RR. Co.**
July 28 it was announced company has applied to the ICC for authority to issue and sell $21,091,000 first mortgage bonds due Jan. 1, 1996. **Proceeds**—To reimburse treasury for capital expenditures previously made. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Drexel & Co. (jointly); Morgan Stanley & Co.; Kuhn, Loeb & Co.

**Standard Coil Products Co.**
June 21 it was reported an issue of about 200,000 shares of common stock will be registered with the SEC. **Price**—To be named later. **Proceeds**—To selling stockholders. **Underwriters**—A. C. Allyn & Co. Inc. and Dempsey & Co., both of Chicago, Ill.

★ **Suburban Propane Gas Co.**
July 26 it was reported company plans to issue and sell 100,000 additional shares of common stock. **Underwriter**—Eastman, Dillon & Co., New York. **Offering**—Probably in September.

**Tennessee Gas Transmission Co.**
May 24 it was reported company plans issuance and sale of $20,000,000 of debentures later in 1954 (in addition to $25,000,000 bonds filed May 26 with SEC). **Proceeds**—For new construction. **Underwiters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp. and White, Weld & Co. (jointly).

**Thompson-Starrett Co., Inc.**
July 1 it was announced new Thompson-Starrett Co. (following merger of Roberts & Schaefer Co.) plans to issue and sell at an early date 145,000 shares of convertible preferred stock (par $10). **Proceeds** — To retire bank loans. **Underwriters**—Blair, Rollins & Co. Inc. and Emanuel Deetjen & Co., both of New York.

**Trans-Canada Pipe Lines, Ltd.**
March 26 it was annouced that the cost of the building of the proposed cross-Canada gas pipeline would be approximately $292,000,000, which would be financed through the issuance of about $36,500,000 each of common stock and debentures and $219,000,000 of first mortgage bonds. **Underwriters**—Lehman Brothers and Wood, Gundy & Co., Inc., both of New York.

**Transcontinental Gas Pipe Line Corp.**
March 16 it was reported company plans later this year to do some permanent financing to repay temporary bank loans necessary to pay for new construction estimated to cost about $11,000,000 for 1954. **Underwriters**—White, Weld & Co. and Stone & Webster Securities Corp., both of New York.

**Tri-Continental Corp.**
March 30 stockholders voted to reclassify 500,000 shares of presently authorized but unissued $6 cumulative preferred stock, without par value, into 1,000,000 shares of a new class of preferred stock, $50 par value, making possible a refunding of the outstanding $6 preferred stock at an appropriate time, when conditions warrant. **Underwriter**—Union Securities Corp., New York.

**Welex Jet Services, Inc.**
June 14 it was reported company may in September announce plans to issue and sell additional common stock to stockholders. **Underwriter**—If underwritten, it may be Laird & Co., Wilmington, Del. Two previous offerings to stockholders were not underwritten.

**West Coast Transmission Co.**
Oct. 14, 1953, it was announced company now plans to issue $29,000,000 in 1-to-5½-year serial notes; $71,000,000 in 20-year, first mortgage bonds; and $24,440,000 in subordinated long-term debentures and 4,100,000 shares of common stock to be sold to the public. **Proceeds**—To finance construction of a natural gas pipe line from the Canadian Peace River field to western Washington and Oregon. **Underwriter**—Eastman, Dillon & Co., New York.

**Western Maryland Ry. (9/8)**
July 13 it was announced company plans to issue and sell $16,000,000 of first mortgage bonds due 1979. **Proceeds** — To redeem $12,632,000 of first mortgage bonds, series B, due 1976, and the remainder used to reimburse company for expenditures for capital improvements. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Meeting**—Stockholders will vote Sept. 21 on approving issuance of new bonds. **Bids**—Expected Sept. 8.

**Western Massachusetts Electric Co.**
July 12 it was reported company is planning sale in September of $6,000,000 debt securities. **Proceeds** — To repay bank loans and for new construction. **Underwriter**—If determined by competitive bidding, probable bidders may be: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kidder, Peabody & Co., and Blair, Rollins & Co. Inc.

**Western Pacific RR. Co.**
June 30 stockholders approved a proposal to allow company to sell first and refunding bonds without obtaining approval of preferred stockholders. It is planned to issue and sell $6,500,000 of these bonds. **Proceeds**—To reimburse company for capital expenditures already made and for future improvements. **Underwriters**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp. and Glore, Forgan & Co. (jointly); Blyth & Co., Inc.; Lehman Brothers and Bear, Stearns & Co. (jointly).

**Wheeling Electric Co.**
June 28 it was announced company plans permanent financing. **Proceeds**—To retire bank loans. **Underwriter**—Previous bond financing in 1922 was handled by Dillon, Read & Co. Inc.

● **Wisconsin Power & Light Co. (10/5)**
July 26 it was announced management is planning issuance and sale of $18,000,000 first mortgage bonds due 1984. **Proceeds**—To redeem $8,000,000 4% first mortgage bonds sold last year and $10,000,000 for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Salomon Bros. & Hutzler; Lehman Brothers, Bear, Stearns & Co., Reynolds & Co. and L. F. Rothschild & Co. (jointly); Union Securities Corp.; The First Boston Corp.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Smith, Barney & Co. and Robert W. Baird & Co. (jointly); Blyth & Co., Inc. **Bids**—Expected about Oct. 5 with registration on or about Sept. 9.

★ **Wisconsin Public Service Co.**
July 28 it was reported company is considering the issuance of about $12,500,000 new securities. **Proceeds**—To refund $8,000,000 outstanding first mortgage 4⅛% bonds due 1983 and for new construction. **Underwriters**—For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane, Salomon Bros. & Hutzler and Union Securities Corp. (jointly); White, Weld & Co.; Kidder, Peabody & Co.; Kuhn, Loeb & Co.; Dean Witter & Co.; The First Boston Corp. Previous common stock offer was underwritten by The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Robert W. Baird & Co., Inc.; and William Blair & Co.

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# *Our Reporter's Report*

This is the season in the underwriting business when dearth of new issues leaves plenty of time for gossip and the usual bumper crop of rumors of impending or potential undertakings.

**This is especially so in consequence of the fact that the last fortnight has brought pretty much of a general cleaning up of underwriter and dealer inventories.**

As one observer of long experience put it "this is the time for looking under all stones for bait." Ultimately, of course, some of the things that are being talked about currently probably will materialize, but right now the bulk of such ideas are in the nebulous or misty stage.

**One of the choicest morsels of the moment has to do with reported intention of the Ford Foundation to place its holdings of the non-voting stock of the Ford Motor Co. on the market.**

But here it is evident that a lot of spade work would have to be done, since it is no longer the policy of the country's exchanges to list issues without voting rights.

The Ford story, however, is persistent with best guesses being that something along that line will develop between now and the end of the year.

**Another "likely candidate" as the market sees things is Phillips Petroleum Co., but here again the idea seems to be nothing more than a "gleam in the eye of the hopefuls."**

## Mixed Reception

This week's new offerings, rather limited at best, encountered a mixed reception. The Mountain States Telephone & Telegraph Co.'s, $20,000,000 of 35-year debentures attracted widespread interest with the result that the books were quickly closed.

**Underwriters brought this issue to market at a price of 101.086 for an indicated yield of 2.95%. In the bidding only about 64 cents per $1,000 bond separated the bids of the winner and the runner up.**

But in the case of Northern Illinois Gas Co.'s block of 233,974 shares of common stock, offered publicly at $21 a share, things were bit on the slow side. The original block of 400,000 shares of this issue was marketed last April at 15¾, leaving some 5,000,000 shares in the hands of Commonwealth Edison Co., for ultimate distribution to its common holders.

## Large Direct Placement

St. Regis Paper Co., which put through the largest of the week's financing operations, went directly to the lenders with its $73,000,000 of new 25-year 3⅝% sinking fund debentures.

It placed this issue with a group of nine insurance companies, using $52,590,000 of the total to refinance existing obligations outstanding with the same institutions.

No sinking fund requirements are fixed for the first 10 years though the company has the option to pay off not more than $13,800,000 in that period. But in the final 15 years 95% of the issue must be paid off.

## Slim Week Ahead

The only corporate issue of any consequence is Pacific Power & Light Co.'s $30,000,000 of 30-year first mortgage bonds on which bids will be opened next Monday.

This operation is intended to provide funds for the retirement of an outstanding issue of Mountain States Power Co. bonds.

**But there were several additions to the list of projects for the weeks ahead. Southern Bell Telephone & Telegraph went into registration to cover a planned issue of $55,000,000 of debentures.**

This, the largest of current filings, is designed to put the company in funds to repay some $52,000,000 to American Telephone & Telegraph, parent firm.

## Int. Tel. & Tel. Unit Sells Debentures In Switzerland

The International Standard Electric Corp., a subsidiary of International Telephone & Telegraph Corp., has sold abroad unsecured debentures in the aggregate principal amount of 75,000,000 Swiss Francs (approximately 17,500,000 U. S. dollars, at the current rate of exchange). Arrangements for this transaction were negotiated by Kuhn, Loeb & Co., New York City, with the cooperation of S. G. Warburg & Co., Ltd., London, England.

There will be two issues: one, maturing on July 15, 1970, amounting to 60,000,000 Swiss Francs, at an interest rate of 4%; the other, maturing on July 15, 1960, amounting to 15,000,000 Swiss Francs, at an interest rate of 3½%.

Both issues were sold to Credit Suisse and Swiss Bank Corp. for public distribution in Switzerland by these two banks and other members of a Swiss syndicate. International Telephone and Telegraph Corp. will guarantee payment of the principal and interest for both issues.

International Standard Electric Corp. will apply the net proceeds against its current indebtedness to the parent company, with a resulting increase in the working capital of International Telephone & Telegraph Corp.

## Hunter Securities Offer Uranium Stock

Hunter Securities Corp., New York, is offering publicly 1,434,275 shares of common stock (par five cents) of Mountain Mesa Uranium Corp. at 20 cents per share "as a speculation."

The company intends to use the net proceeds to acquire and maintain certain oil, gas and mining leases or claims and for the exploration and development of such properties.

The principal business of the company, organized in Wyoming on March 8, 1954 and qualified to do business in Utah, will be the exploration and development of its uranium properties located in Wyoming and in the Colorado Plateau province of southeastern Utah. The company owns outright 94 unpatented tracts in the State of Wyoming and has acquired by purchase 24 unpatented tracts and 440 acres of ground on the Colorado Plateau.

The authorized capital of the company consists of 5,000,000 shares of common stock, of which there are presently issued and outstanding 1,750,000 shares.

### Joins Ball, Burge Staff

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — John B. Guthery has been added to the staff of Ball, Burge & Kraus, Union Commerce Building, members of the New York and Midwest Stock Exchanges.

### DISSOLUTION NOTICE

STATE OF NEW YORK, DEPARTMENT OF STATE, ss.:

I DO HEREBY CERTIFY that a certificate of dissolution of

BARCHESTER PUBLICATIONS, INC.

has been filed in this department this day and that it appears therefrom that such corporation has complied with section one hundred and five of the Stock Corporation Law, and that it is dissolved.

GIVEN IN DUPLICATE under my hand and offical seal of the Department of State, at the City of Albany, this twenty-first day of July, one thousand nine hundred and fifty-four.

(Seal Department of State)

THOMAS J. CURRAN,
Secretary of State.
By SIDNEY B. GORDON,
Deputy Secretary of State.

## DIVIDEND NOTICES

### Allegheny Ludlum Steel Corporation

Pittsburgh, Penna.

At a meeting of the Board of Directors of Allegheny Ludlum Steel Corporation held today, July 29, 1954, a dividend of fifty cents (50c) per share was declared on the Common Stock of the Corporation, payable September 30, 1954, to Common stockholders of record at the close of business on September 1, 1954.

The Board also declared a dividend of one dollar nine and three-eighths cents ($1.09375) per share on the $4.375 Cumulative Preferred Stock of the Corporation, payable September 15, 1954, to Preferred stockholders of record at the close of business on September 1, 1954.

S. A. McCASKEY, JR.
Secretary

### Atlas Corporation

33 Pine Street, New York 5, N.Y.

Dividend No. 51
on Common Stock

A regular quarterly dividend of 50¢ per share has been declared, payable September 20, 1954 to holders of record at the close of business on August 27, 1954 on the Common Stock of Atlas Corporation.

WALTER A. PETERSON, Treasurer
August 2, 1954.

### AMERICAN BANK NOTE COMPANY

Preferred Dividend No. 194
Common Dividend No. 184

A quarterly dividend of 75¢ per share (1½%) on the Preferred Stock for the quarter ending September 30, 1954 and a dividend of 20¢ per share on the Common Stock have been declared. Both dividends are payable October 1, 1954 to holders of record September 2, 1954. The stock transfer books will remain open.

E. F. PAGE, Secretary and Treasurer
July 28, 1954

### Allied Chemical

**Notice to Security Holders**

Allied Chemical & Dye Corporation has made generally available to its security holders, in accordance with the provisions of Section 11 (a) of the Securities Act of 1933, as amended, an earnings statement on a consolidated basis for the twelve-months' period ended June 30, 1954, such period beginning after the effective date of the Company's Registration Statement filed on March 11, 1953 with the Securities and Exchange Commission (SEC File No. 2-10125) relating to $200,000,000 Twenty-five year 3½% Debentures due April 1, 1978. Copies of such earnings statement will be mailed upon request to the Company's security holders and to other interested parties.

ALLIED CHEMICAL & DYE CORPORATION
61 Broadway
New York 6, N. Y.
By W. C. KING, Secretary
August 2, 1954.

## DIVIDEND NOTICES

### CANCO AMERICAN CAN COMPANY

PREFERRED STOCK

On July 27, 1954 a quarterly dividend of one and three-quarters per cent was declared on the Preferred Stock of this Company, payable October 1, 1954 to Stockholders of record at the close of business September 16, 1954. Transfer books will remain open. Checks will be mailed.

EDMUND HOFFMAN, Secretary.

### Berkshire FINE SPINNING ASSOCIATES INC

The Board of Directors of the Berkshire Fine Spinning Associates, Inc. has declared a dividend of 25 cents per share on the Common Stock, payable September 1, 1954 to stockholders of record August 10, 1954.

MALCOLM G. CHACE, JR.
July 29, 1954. President

### HARBISON-WALKER REFRACTORIES COMPANY

Pittsburgh Pennsylvania

July 29, 1954

Board of Directors has declared for quarter ending September 30, 1954 DIVIDEND of ONE and ONE-HALF (1½%) PER CENT or $1.50 per share on PREFERRED STOCK, payable October 20, 1954 to shareholders of record October 6, 1954.

Also declared a DIVIDEND of FIFTY CENTS per share on COMMON STOCK, payable September 1, 1954 to shareholders of record August 10, 1954.

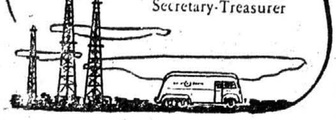
G. F. CRONMILLER, JR.
Vice President and Secretary

### TECHNICAL OIL FIELD SERVICES LANE-WELLS COMPANY

*Dividend No. 69*

The Directors have declared a quarterly dividend of 40 cents per share on the common stock, payable September 15, 1954, to stockholders of record August 18, 1954.

WILLIAM A. MILLER
Secretary-Treasurer



### THE FLINTKOTE COMPANY

30 ROCKEFELLER PLAZA NEW YORK 20, N. Y.

FLINTKOTE PROTECTION

A quarterly dividend of $1.00 per share has been declared on the **$4 Cumulative Preferred Stock** payable September 15, 1954 to stockholders of record at the close of business September 1, 1954.

A quarterly dividend of $.50 per share has been declared on the **Common Stock** payable September 10, 1954, to stockholders of record at the close of business August 27, 1954.

CLIFTON W. GREGG,
*Vice-President and Treasurer*
*August 4, 1954*

## DIVIDEND NOTICES

### AMERICAN METER COMPANY

Incorporated

AMERICAN METER CO EST. 1836

1513 RACE STREET
Phila. 2, Pa., July 29, 1954

A quarterly dividend of Fifty Cents ($.50) per share has been declared on the Capital Stock of the Company, payable September 15, 1954, to stockholders of record at the close of business August 27, 1954. W. B. ASHBY, Secretary.

### PEPPERELL MANUFACTURING COMPANY

PEPPERELL FABRICS

Boston, July 30, 1954

DIVIDEND NOTICE

A regular quarterly dividend of Seventy-five Cents (75¢) and a year-end extra dividend of One Dollar ($1.00) per share have been declared payable August 16, 1954, to stockholders of record at the close of business August 9, 1954.

Checks will be mailed by the Old Colony Trust Company of Boston, Dividend Disbursing Agents.

PAUL E. CROCKER, Secretary

### PHELPS DODGE CORPORATION

*The Board of Directors has declared a third-quarter dividend of Sixty-five Cents (65¢) per share on the capital stock of this Corporation, payable September 10, 1954 to stockholders of record August 17, 1954.*

M. W. URQUHART,
Treasurer.
*July 29, 1954*

### Pullman Incorporated

***88th Consecutive Year of Quarterly Cash Dividends paid by Pullman Incorporated and predecessor companies***

A regular quarterly dividend of seventy-five cents (75¢) per share will be paid on September 14, 1954 to stockholders of record August 20, 1954.

CHAMP CARRY
*President*

PULLMAN-STANDARD CAR MANUFACTURING CO. Built by Pullman Standard — M. W. KELLOGG — TRAILMOBILE

## DIVIDEND NOTICES

### Esso STANDARD OIL COMPANY

(INCORPORATED IN NEW JERSEY)

The Board of Directors has declared a **Cash Dividend** on the capital stock of $1.15 per share on July 29, 1954. This dividend is payable on September 10, 1954, to stockholders of record at the close of business on August 9, 1954.

30 Rockefeller Plaza, New York 20, N.Y.

### UNION CARBIDE AND CARBON CORPORATION

UCC

A cash dividend of Fifty cents (50¢) per share on the outstanding capital stock of this Corporation has been declared, payable Sept. 1, 1954 to stockholders of record at the close of business Aug. 6, 1954.

KENNETH H. HANNAN,
*Vice-President and Secretary*

### WOODALL INDUSTRIES INC.

*A regular quarterly dividend of 31¼c per share on the 5% Convertible Preferred Stock has been declared payable September 1, 1954, to stockholders of record August 13, 1954.*

*A regular quarterly dividend of 30c per share on the Common Stock has been declared payable August 31, 1954, to stockholders of record August 13, 1954.*

M. E. GRIFFIN,
*Secretary-Treasurer.*

### TC TENNESSEE CORPORATION

July 20, 1954

A dividend of fifty (50¢) cents per share has been declared payable September 28, 1954, to stockholders of record at the close of business September 16, 1954.

JOHN G. GREENBURGH
*Treasurer.*
61 Broadway
New York 6, N. Y.

### CITIES SERVICE COMPANY

*Dividend Notice*

The Board of Directors of Cities Service Company has declared a quarterly dividend of one dollar ($1.00) per share on its $10 par value Common stock, payable September 7, 1954, to stockholders of record at the close of business August 13, 1954.

ERLE G. CHRISTIAN, Secretary

### *Common and Preferred* Dividend Notice

July 28, 1954

The Board of Directors of the Company has declared the following quarterly dividends, all payable on Sept. 1, 1954, to stockholders of record at the close of business Aug. 6, 1954:

| Security | Amount per Share |
|---|---|
| Preferred Stock, 5.50% First Preferred Series | $1.37½ |
| Preferred Stock, 4.75% Convertible Series | $1.18¾ |
| Preferred Stock, 4.50% Convertible Series | $1.12½ |
| Common Stock | $0.35 |

Secretary

TEXAS EASTERN *Transmission Corporation*
SHREVEPORT, LOUISIANA

# Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — One of the features of the session wind-up has been the remarkable degree to which the Democratic left has stuck its neck out flatly in favor of government ownership of power and other activities, and—

Another concurrent feature has been that the Eisenhower Administration has not impressed Washington observers with being willing to join the issue, and hurl the challenge squarely at the opposition and take a four-square stand in opposition to government ownership.

**Heretofore, government ownership has always been masked and concealed. TVA did not come into being for the purpose of putting the government into the business per se of generating and distributing electric energy; this was subordinate to conserving soil, controlling floods, regulating navigable streams, and bringing the horn of plenty to the vast TVA empire — or so, the Democrats said.**

When, as the utility industry predicted from the beginning would happen, it became obvious that hydro power as a by-product of soil and water conservation dams would not produce an adequate and dependable supply of firm power, then came the cry several years ago which ushered in "standby" steam generation — now over 40% of TVA power.

Democrats worked themselves into taking the straight Socialism line by bestowing upon atomic energy their newly-developed battle-cry of 1953 against the "give-away."

First, they said it was a "give away" for the President to bestow upon a private group the contract to furnish additional electricity needed by the Atomic Energy Commission via the TVA. Thus, any business with privately-generated power becomes, as such, a "give away."

Second, the Democrats have, in the process of saying that sharing of atomic secrets for private power generation becomes a "give-away," have clearly recorded themselves as of the philosophy that the natural resources of the United States become a monopoly of the government and should not be developed by the people for profit, even a profit as regulated and limited as is that of electric generation.

### Provides Clear-Cut Issue

In the process, therefore, of adapting "give away" to atomic energy, the Democrats, either from an excess of zeal and a lack of caution, or on purpose, have come out for public power as an article of faith of the Senate minority.

To many working around the Capitol, it has seemed that this should give the Republicans the break they have long wanted. They always charged that bringing peace and plenty on earth was perhaps subsidiary to building up a state-owned electric generation system, but the Democrats have always been able to answer such a charge was just a lot of stuff, that this was only subordinate to flood control, irrigation, soil conservation or navigation.

**The Administration, however, does not seem to have risen to the challenge, or at least not loud enough to impress any one that the issue will be joined. Their arguments appear to have been to fend off defensively the demagogic blows of "give away" hurled at them by the aggressive left-wing crowd.**

### Defensive Elsewhere

There are other evidences of this same Administration timidity about joining the issue on public ownership, not as spectacular as the defense against the opposition on atomic energy, but perhaps as symptomatic.

No. 1 related to the reorganization of the Bureau of Mines. An Assistant Secretary of the Interior ordered last November an expert survey of the Bureau of Mines activities. The recommendations looked so sound to Interior Secretary McKay that he ordered them "implemented" (meaning put into effect, in English) at once.

One of the major recommendations related to petroleum synthetics. Under the luminous Truman Secretary of the Interior, Oscar Chapman, the Interior Department was engaged in a ceaseless drive (it probably started under the late Mr. Ickes) to build a huge government - controlled synthetic oil industry on the theory that the nation was about to run out of oil.

So far the Bureau of Mines has had only indifferent success in wheedling funds out of Congress to "pilot plant" the new synthetic industry, which of course would be beholden to Uncle Sam, but the bureau has had some success.

One of the basic recommendations of this group, endorsed by Mr. McKay, was that the bureau should get back into the traditional business of sponsoring basic research into problems of recovery and refining of oil, and get the heck out of the business of trying to develop a synthetics industry on its own.

This, it is scarcely doubted, is something of a clear revolution in policy since the days of Hon. Oscar.

However, the press release issued Wednesday by the Interior Department led off with some innocuous stuff about getting out of the production of minor metals and conducting an educational survey about mine safety inspection.

Not until page 5 of the release does one discover that there is some real meat about oil.

It is a working premise of Washington that the Newspaper Guilders who inform the nation of its news through the daily press, seldom have the energy to go beyond page 2 of an official press release, and often not beyond paragraph 2.

So the impression was conveyed either that (1) Secretary McKay did not want a lot of nasty cries coming up about "give away," or (2) some press man was trying to conceal the story.

### Let REA Assn. Plump for Public Power

Example No. 2 of the timidity of the Eisenhower Administration relates to the Rural Electrification Administration.

Some 90% of the "cooperative" (the members pay what amounts to a $5 meter deposit apiece and become thereby "shareholders" in their local REA) Rural Electrification associations belong to the National Rural Electrification Association.

Clyde Ellis, Executive Manager, who is THE National Rural Electrification, has the consistent and avid love of public power that a perpetually hungry mule has for a bag of oats.

In the midst of all the furore over the contract for private power for the AEC, and over the atomic energy bill, brother Clyde caused to be issued several pronunciamentos 100% in favor of public power. One of these in particular called for the giving of the business to the TVA. Another called upon Congress to shelve the atomic energy bill because of its naughty private power features.

The point is that in every case Clyde purported to represent "936 rural electrification associations with 3,600,000 members."

**Now anyone living on a REA served line must become a "member" as a condition to getting electricity. It's a certainty that not more than 48 REA associations even knew that they were being made the tail to the national association's public power kite. These 48 were the members, one from each state, of the national board of the National Rural Electrification Association. There were 48 oat-lovers, and Clyde had all the oats.**

These particular statements of policy were not referred to the member associations for approval and certainly not to the "3,600,000 members," probably not a half a dozen of whom are aware that their membership is being used to support the great crusade for public power.

### Avoids Issue

However, in the public prints, it looks as though the national REA movement, is a straight public power outfit.

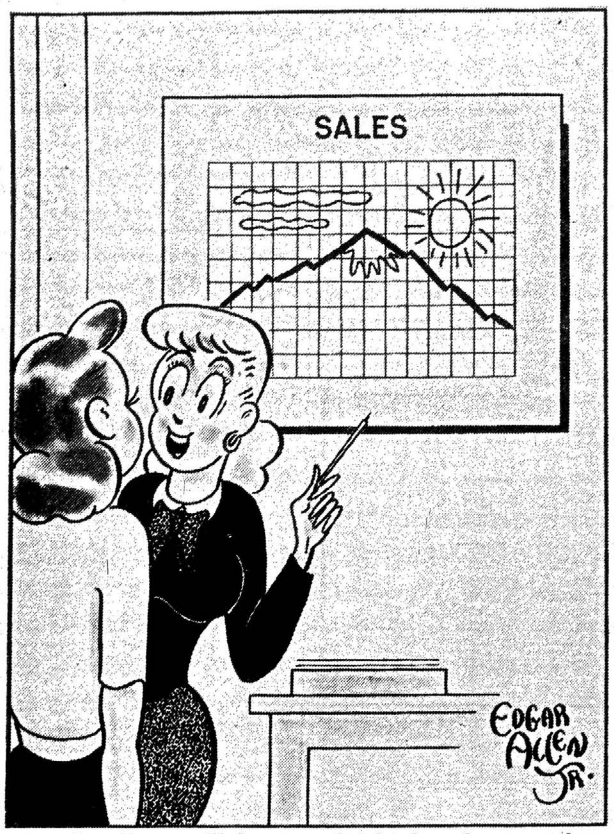
It's a pretty good cinch that the Rural Electrification Administration of the U. S. Department of Agriculture is not bucking Dwight D. Eisenhower on the sundry issues of the day. It's also a good guess that the REA bureaucracy is not happy about the possible equivocal position in which Clyde Ellis has put the REA movement.

However, when officials were asked would they sponsor a comment on or off the record to make it clear that the association was not properly and with knowledge of its members representing the REA movement on these recent stands, their answer was a frightened "no comment."

It's again a case of covering the face to ward off the hurt of the charges of "give away," with no fight offered to the enemy.

*(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)*

## BUSINESS BUZZ




"Bet the Boss will be surprised when he sees how much more attractive we've made it!"

## Business Man's Bookshelf

**Executive's Handbook** — Booklet containing brief pertinent information concerning Richmond, Va. as a business center — Richmond Chamber of Commerce, 15 North Sixth Street, Richmond, Va.

**Full Employment and Full Production:** How to End Our National Economic Deficits—Committee on Economic Progress, 1001 Connecticut Avenue, N. W., Washington 6, D. C. (paper) 25c.

**Guide to Modern Management Methods**—Perring Stryker and the Editors of Fortune — McGraw- Hill Book Company, Inc., 330 West 42nd Street, New York 36, N. Y. (cloth) $3.50

**Railroad Car Facts:** Statistics on Car Building and Car Repairing 1953 — American Railway Car Institute, 19 East 47th Street, New York 17, N. Y. (paper)

## With Central Republic Co.

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb.—Dean D. Gray has become associated with Central Republic Company, Omaha National Bank Building.

## Now With Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

DURHAM, N. C.—Theodore W. Atwood is now with Harris, Upham & Co., Johnston Building.

## With the Ohio Company

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Philip J. Howell is now with The Ohio Company, 51 North High Street.

## With Link, Gorman

(Special to THE FINANCIAL CHRONICLE)

GREEN BAY, Wis. — John C. Reinhart, Jr. has become associated with Link, Gorman, Peck & Co., Northern Building.

## Edward J. Karl

Edward J. Karl passed away Aug. 1 at the age of 55 after a long illness. Mr. Karl was associated with Sutro Brothers & Co.