CANADIAN INVESTMENT OPPORTUNITIES FEATURED

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EDITORIAL

As We See It

It is now perfectly clear if not in the least surprising that the official tactics of the Democratic party include great use of unemployment as a campaign issue. This much is evident not only in the political speeches of various candidates for office throughout the nation, but in outgivings of gatherings of organized labor, which often are more New Deal than the New Deal itself. Although spokesmen for the Administration are, rightly or wrongly, on record as considering presently existing unemployment as too great to be tolerated by the nation as a permanent condition, it is being freely asserted that the Republican regime is quite content with it. Such an accusation is probably within the limit of political license, but clearly reveals a firm intention to make the most of the larger volume of unemployment, particularly in some of the politically vital areas of the country.

Some months ago thoughtful elements in the population were forcefully reminded that the magnitude of "unemployment" as reported in official statistics depends in very substantial degree upon definition of terms. Speakers and other commentators would do well to bear this fact in mind when they roll unemployment statistics off their tongues as if these figures were to be accepted in the same way that a patient's temperature as recorded in an accurate clinical thermometer is accepted by the physician. There is, however, no reason to doubt that unemployment, however defined, is greater in some districts now than was the case a year and a half ago. It is about as clear that taking the country as a whole men and women who are seeking work are more

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Atomic Energy vs. Conventional Fuels

By F. K. McCUNE*

General Manager, Atomic Products Division, General Electric Company

Mr. McCune points out the impact of potential uses of atomic energy in the industrial field, particularly in electric power production. Describes composition and activities of the Atomic Energy Commission, as comprised in the Atomic Energy Act of 1954. Explains changes made by the Act, and asserts, as the result of the new law, there will be a new and dynamic surge of interest in atomic energy uses. Comments also on developments in the use of direct solar energy.

"Atomic Energy Development and Electrical Competition," is not, I can assure you, an easy subject to discuss at a meeting with executives of the natural gas industry. I am, however, enthusiastic over today's assignment—and principally because I see great things for atomic energy, and progress in the gas industry. While I am certain that you are keenly aware that peacetime uses of atomic energy will have an impact upon your business, I am equally certain no one can give you a completely accurate prediction of the future. Too often the future makes fools of those who prophesy.

Francis K. McCune

The atomic energy industry is young and promising, and so is the gas industry. Our company has invested considerable capital in the development of gas turbines, furnaces for home and industry, and equipment for the chemical industry—one of your prime markets. When I say that we have invested heavily in the atomic energy business, I should point out that our own investigations into the field of nuclear energy began 20 years ago in our own research

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*An address by Mr. McCune before the Independent Natural Gas Association of America, New Orleans, La., Sept. 13, 1954.

Canada—A Wonderful Climate for Investment

A swift financial flight over Canada noting especially the fine economic climate, and the splendid assortment of sound equities listed on major Canadian Stock Exchanges, on which consecutive cash dividends have been paid from 5 to 126 years, for those whose preference leans more to proven stability than glittering speculative appeal.

In the minds of many Americans, Canada is frequently associated with a new chunk of ore to be developed in Labrador, a new gold vein in Ontario, a gusher in Alberta, a Geiger counter in New Brunswick, or a Uranium share zooming like a misguided missile on the Toronto Board.

Promotion and speculations, these are what we used to hear most about in Canada — but not today.

Now Canada offers a panorama of fine companies in many fields.

In point of solvency, and as a haven for prudent investment funds, the Canadian national economy bows to none.

Let's start with government finance. Canada has gone along its magnificently solvent way, balancing its budget (with a credit balance) in each of the past eight years, and whittling down the national debt by $2.3 billion in the process. Her dollar has been selling at a premium over ours for the past two years, and all exchange restrictions were lifted in 1951. Canada has encouraged foreign investment by eschewing capital gains taxes, by welcoming the vigorous development of her fabulous and almost limitless natural resources.

For those Americans who choose to deploy

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SECURITIES NOW IN REGISTRATION — Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 53.

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

ARTHUR F. HUMPHREY, JR.
Vice-President, Hulme, Applegate & Humphrey, Inc., Pittsburgh, Pa.

Thorofare Markets, Inc.

Sales and earnings of "Thorofare" are climbing and favorable widespread recognition for the company as a very important factor in its field is increasing.


A. F. Humphrey, Jr.

The corporation's sixty-three (63) Supermarkets, located in western Pennsylvania, eastern Ohio and West Virginia, are of the large self-service type. Sales in these markets are made on a cash-and-carry basis, and a wide variety of merchandise as to kind, brand and quality, is available. Customers are offered the real advantage of wide choice, convenience of selection, rapid service and comfortable surroundings. The Supermarkets operated vary in marketing space from 5,000 square feet to 16,000 square feet, and it is the present policy of the corporation to open markets which have a minimum of 12,000 and a maximum of 16,000 square feet of marketing space. Parking facilities are available for the convenience of the customers who shop by automobile. All of the Supermarkets have warehouse space on the premises, including refrigeration facilities for meat, sea food, dairy products, fruits, etc.

In addition to the warehouse space in each Supermarket, the corporation maintains main warehouses in Pittsburgh, Pa., and in Morgantown, W. Va. From these warehouses the corporation distributes merchandise to its markets.

Over the past two decades, the growth of the Supermarket has been one of the outstanding developments in the retail field. During the past five years two factors were significant in the experience of the food chains. The first is the ability to sustain sales at high levels during a period of moderate business adjustment and price decline and at the same time to actually improve profit margins. The second significant factor is the squeeze on profit margins during 1951 and 1952 resulting primarily from rigid price control which did not permit offsetting of rising labor and other costs. The Excess Profits Tax also operated against the realization of equitable net earnings.

The outlook is for continued gain in sales and recovery in profit margins to a more normal level. The rapid turnover of inventory largely minimizes the possibility of inventory loss. Within recent years supermarkets have become ingrained in modern living habits. Among the factors responsible for their growth have been the greater food values and wider selection of merchandise offered, the movement of people to the suburbs, increasing population, the greater use of the auto for shopping and scientific advances in food processing, packaging, display, preservation and sales. The annual average sales volume per Thorofare Market in operation at the close of the year 1944 was less than $200,000; at the close of the year 1953 was more than $800,000 and the current average annual sales volume per store is at more than $1,000,000.

In April, 1954, Thorofare Markets, Inc. was awarded by Brand Names Incorporated the National Certificate of Distinction as Brand Name Retailers-of-the-year in the food field. The President of Brand Names Foundation, Inc. was publicly quoted at that time as saying —"The leadership of Thorofare Markets, particularly, for years has been a matter of note by thoughtful observers of retailing. Thorofare management appears to recognize that, in these days, the public needs reassurance about the American way of life, and they are going about the matter of increasing their customers' confidence in the best possible way, namely, talking specifically about what lies back of the brands they sell."

In order to pave the way for further operating economies and long-term growth, directors of "Thorofare" authorized and construction began in April, 1954, of a single story modern warehouse and general office building of some 216,000 square feet, located on a 30-acre tract, owned by the company, near Murrysville and Monroeville, east of Pittsburgh on the Pennsylvania RR. and William Penn Parkway just east of the Interchange with the Pennsylvania Turnpike. Occupancy is expected by early October, this year.

Among the new Supermarkets opened during recent weeks are, two in Pittsburgh, one each at Greensburg, Pa., Swissvale, Pa., Whitehall, Pa., Charleroi, Pa., Avalon, Pa.; to be opened soon are Connellsville, Pa., New Kensington, Pa., Steubenville, Ohio, Perry Highway, Pittsburgh, Pa., Monroeville, Pa., and other prime locations in shopping centers.

Earnings

Fiscal Year	Sales All Sources	Profit before Inc. Taxes	Net Earnings
1938	$4,911,143	------	$136,719
1953	47,264,369	$1,278,047	470,547
*1953	25,359,071	770,987	356,555
*1954	34,964,181	1,026,687	478,996

*1st 31 weeks.

Present sales are at the rate of more than $60,000,000 per annum. Earnings (since 10-31-42) retained and reinvested in the business amounted to $2,302,749 as of July 3, 1954. The books of the company show holders of record resident in the District of Columbia, 33 states of the U.S.A., England and Canada.

Stock dividends of 10% in 1952 and 5% in 1953 have been paid and the management regards with favor continuing the payment of reasonable stock dividends as justified by earnings from time to time. Quarterly cash payments have been increased to 30 cents effective July 27, 1954. As of Aug. 7, 1954 there were 226,146 common shares outstanding.

The company employs about 1,250 men and women some of whom are part time. Numerous employees have been with the company for many years. Labor relations have been good. The common shares are not listed on any Exchange, are traded over the counter and through the unlisted department of the American Stock Exchange, have no preemptive rights and are not subject to assessments.

At present prices, the common stock is capitalizing near-term earnings prospects at about eight times which is low in relation to other comparable price/earnings ratios. The following table is indicative of projected prices and yields on an estimated basis:

Price Per Share	—Yield from— Cash	Stock	Total Yield
$30	4.00%	5%	9.00%
35	3.42	5	8.42
40	3.00	5	8.00
45	2.66	5	7.66
50	2.40	5	7.40
55	2.18	5	7.18

Because of the outstanding continuing growth record of the company and of the proven quality of its aggressive management, the writer shares the enthusiasm as to the evident promise of the common stock of "Thorofare."

HORACE I. POOLE
Eisele & King, Libaire, Stout & Co., New York City
Members New York Stock Exchange

Gulf Cities Gas Corporation

This corporation, serving LP-Gas in St. Petersburg, Fla., enjoys three important advantages. First, it is operating in a territory that has had a high rate of growth and gives promise of more growth in the future. A glance at a few statistics (Table I) will give a picture of what has happened.


Horace I. Poole

The lower Tampa Bay bridge connecting the peninsula city of St. Petersburg with Sarasota will become a reality next month and make St. Petersburg the gateway to all southern Florida. The present population of 125,000 should rocket to 300,000 by 1964, according to estimates recently published.

The second important advantage of this situation is the growth factor inherent to the LP-Gas business. Here again figures (Table II) spell out the picture clearer than words.

The possiblities for continued growth of this industry are bright. Little has been done in the industry to secure new load building uses from present customers, and from now on greater emphasis on this phase will tend to increase profits per customer. The competitive position of LP-Gas to electricity is shown in the comparison published by the United States Department of Agriculture in a leaflet, entitled **"Liquefied Gas for the Household"** which states, "For water heating liquefied gas at eight cents per pound costs slightly less than electricity at two cents per kilowatt hour." In my section you have to use over 400 kw hours to get a one and one-half cent rate from the electric company. I usually use 120 for two months at a three cent rate. A three cent rate is competitive with 12 cents a pound for LP-Gas whereas I pay six cents.

The third advantage that Gulf Cities Gas enjoys lies in a very excellent management team. The top management is shared by R. J. Foster, President; Kermit Foster, Vice-President, and Donald L. Alberty, Vice-President. Don, as all know him, sparkplugged

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Canada's Plans for Its Northern Territories

By EDMOUR A. R. GERMAIN

Mr. Germain reviews economic potentialities and the progress of Canada's Northwest Territories. Notes recent changes in this frontier region and points out "the North Pole is no longer a pole, but a hub." Says, because of the airplane and other improvements in transportation, the northland is no longer remote, and the Dominion Government has taken steps to lessen the hazards of navigation and communication. Notes favorable influence of the Alaska Highway, and sees vast potentialities for mining and for hydro-electric power in the Northwest Territories. Concludes Canada is for the Canadians, but foreign capital can find profitable investment in Canada, without being in the driver's seat.

Surprises are in store for those who continue to think of Canada's Far North in terms of a frozen waste over which the Royal Canadian Mounted Police chase desperate criminals. Icebergs and glaciers do abound in many places there but the climate is hospitable enough nevertheless so that white men, newcomers to the Yukon and Northwest Territories, are twice as numerous now as all the Eskimo inhabiting the region put together.

E. A. R. Germain

As for the Royal Canadian Mounted Police, it is hardly even mounted any more, getting around the country chiefly by power boat and canoe or dog sled and sometimes by airplane. While its job is to maintain law and order, its duties include more and more such civil administrative work for the governments of the territories as tending to old age pensions and allowances for the blind (paid in the form of foodstuffs and goods to the Eskimo), the collection of the fur export tax and game license fees, and even acting as notaries public and coroners.

When thinking of Canada—and especially its northern territories—it is well to remember that the country is relatively undeveloped not because of its climate, the lack of natural resources or the indifference of its population but because of its youth. By all standards, Canada is a very young country. It attained the status of a major sovereign state only with confederation back in 1867 when the Canadian West was joined with the Canadian East. It has had less than a century in which to think and act in continental terms.

Canada's future is about what the future of the U. S., on its own part of the continent, appeared to be about a century ago, back in the period of the Civil War. Confederated Canada, of course, reaps the benefit of the fact that it has been spared the tragedy of that great schism which has left its mark on U. S. political and economic affairs to this day. Canadians can, on the whole, tackle the job of pushing back their frontier with a sense of national unity which it is the envy of the world to observe.

This happy situation is reflected of course in the programs which the officials at Ottawa, charged with the administration and development of the territories, are able to promote. The general aim of government policy seems to be to encourage by every reasonable device private promotion of enterprises which seem economically feasible for the northern country. While government is pretty much at the helm of affairs, much, if not most, of the initiative required to carry out the various projects sanctioned and undertaken is left to private effort. It is beautiful teamwork.

In another respect, Canada, in opening up its territories has a marked advantage over the U. S. when it was pushing back its own geographical frontier. This difference is the aid which science, developed over the intervening period, has been able to give. The frontiersman in Canada today may go equipped with axe and rifle but more likely it will be with a Gieger counter and, while he may make extensive use of the incredible number of rivers and lakes to be found in nothern and western Canada to work his way through uncharted territory, he probably will not fail at some point in his adventures to travel by air not only to go over the high mountain ranges, the frozen wastes and other relatively inaccessible regions but also actually to prospect for ores.

The North Pole No Longer A Pole

The airplane—all by itself—has wrought a very great change over Canada. By shortening the distances between the populous centers of North America and Far East and other Asiatic points, the airplane has placed the northwestern corner of Canada squarely in the center of the rapidly evolving new global transportation system. It is not inconceivable either that in the not too distant future, commercial planes will be flying the trails blazed by military aircraft during World War II over the top of the world to Siberia and Europe.

The North Pole is no longer a pole but a hub. Increasingly, Canadians are becoming aware

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Articles and News Page

"CANADA: A WONDERFUL CLIMATE FOR INVESTMENT"

Article starting on the cover page "Canada: A Wonderful Climate for Investment" deals with the investment opportunities in Canadian securities and includes a tabulation showing the banks and companies listed on the Canadian Exchanges which have paid consecutive cash dividends from 10 to 126 years (Table I, page 24) and a second tabulation (Table II, page 35) with respect to consecutive cash dividend payers from 5 to 10 years.

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Oilier Oil Wells

By IRA U. COBLEIGH

Enterprise Economist

Some comments on the importance of oil, the extent of reserves, and the methods in sight for maximizing oil flow from producing wells, including a *brand new one—the magnesium permeator sleeve.*

For almost a century, oil's uses have advanced year by year; first to light kerosene lamps; then to power and lubricate horseless buggies; then as fuel for power generation, diesels for trucks, boats and trains; and finally, with fuel oil and natural gas, it has become a major factor in space heating. So it is that with each new use, primary and by-product, there has arisen a fabulous, unremitting burgeoning demand for oil, maximized in postwar U. S. by a growth rate of 10% per year for the five years 1946-51. This has carried the United States to a point where it now consumes over 60% of all the world's oil (outside Russia and its Muscovite minions). The U. S. produces about 10% less than it consumes, thus keeping an immense fleet of tankers commuting from Araby, Venezuela and Java to make up the difference.

Ira U. Cobleigh

This thirsty, endlessly expanding demand for oil has led to hopeful, romantic and aggressive drilling in every country and clime, to push up the known reserves on which an oil consuming world may call in years to come.

In the United States there is usually offered each year, a semi-pessimistic announcement that in 15 or 20 years we'd be fresh out of oil. The last Cassandra-like prophecy was at the 1953 year's end when the oil omeners opined that we had underground reserves of only 29 billion barrels, or enough to last for a paltry 14 years at the rate we're presently gobbling up the stuff. But these predictions assume, from year to year, a somewhat accordion-like quality; we're using at least 3% more oil each year and in each year feverish drilling and exploration on land, and off shore, seems to smoke out a few billion more barrels of liquid marine life decay. Smart scientists and engineers are ever scratching their brains for new methods of squeezing more and more of the precious black fluid from existing oil producers and underground oil reservoirs. It is about those varied methods of improved extraction that we'd like to talk today.

If a well was drilled and it flowed, it was a gusher—lush and lovely. Flowing wells as a rule average about one-third of their total output as flowing wells, and two-thirds by pumping. Some wells were more modest, and the oil had to be pumped up from the start. Some oil flowed into the casing from porous horizons, but often, in the same drilling, core samples would reveal an oil-drenched series of beds from which no oil product could be gleaned, because the limestone or sand formation was too tight. The oil was there, in the limestone or sand, but production suffered from poor connection between the pores—low permeability. It stubbornly refused to flow toward the casing. To overcome this reluctance of the oil to take the first toddling steps toward a refinery, the ingenuity of man has devised certain techniques.

The earliest of these was to explode nitroglycerine in the then shallow wells, first blocking off the upper section of bore so the ensuing explosion would not waste its power by blowing upward in the casing. Only the open hole below the casing was shot with nitroglycerine. This method could blow a hole in the casing above, did agitate the oil-bearing zone, and bring in some oil; but it often split the casing and so disturbed the horizon that only a fraction of the reservoir oil came toward the casing. Further, the gases generated by the explosion rushed into the most permeable band and only stimulated that band. There was no selectivity, nitroglycerine could be very dangerously explosive, and necessitate costly cleaning out or drilling out of the debris.

Then around 1932, the process known as acidizing was introduced. This called for the introduction of a solution of approximately 15% hydrochloric acid into the pay zone. The acid ate into the limestone, a band of which was treated by solution, and this method of *increasing permeability* brought in or increased production from that band. The pressure used in forcing acid sent it into the line of least resistance, probably only into one thin band.

The third method, now widely used, was especially adapted to oil bearing sands (altogether oil is found almost equally in limestone and sands—Kuwait and East Texas are sand, while Leduc, Turner Valley and Redwater are limestone fields). The technique is called "Hydrofrac." By this, sand in suspension in a solution (this solution could be a jellied gasoline mixture or, more recently, ordinary crude, chemically stiffened) was pumped into the ground under great pressure. This pressurized sand has the effect of jacking a bedding plane apart and increasing permeability, thus allowing the dammed up oil to flow toward the well (and the cash register). Again, this input sand went in the line of least resistance, under pressure, and probably entered only one of a possible great number of bands. The other bands simply did not get treated.

In attempting to pack off one band from another to get separate treatment of each band the practice of running and cementing the casing through all zones was introduced. Now to get either the acid, or the sand (in suspension), into known or proven pay zones, some system was required to drive a hole, or rather a series of holes, in the casing, so that the treating solution could be pushed out from the well to the formation and the oil follow it back to the well. A way to perforate the casing was to lower down into the casing a dangling sort of long gun on a cable. When the desired level had been reached, specially designed approximately .45 caliber steel bullets were shot through the casing and, through the holes thus created, either the acid or sand was deployed under sometimes great pressure to enter the producible bands of rock so oil would flow back.

This "perforating" had certain definite shortcomings, however. Very great charges of explosives are needed to fire projectiles through steel casing. They can split or fracture the casing. They can impair or crumble the cement around the well, and the steel bullets leave jagged holes within the casing which then require milling out at considerable cost in time and money. Perforating has caused considerable damage to the cement bond in back of the steel casing in wells and resulted in substantial cost. It was instrumental, however, in putting holes through casing.

But, whereas you can pack off inside the casing on each side (after cutting away the steel burrs) of the series of holes thus perforated in an attempt to get selectivity of acidizing or sand fracturing in just that band of rock opposite the holes, the explosion and gun recoil have hammered and expanded the casing in such manner that the cement on the back (formation side) of the casing was shattered. Thus any such attempt to isolate for separate treatment any of the several producible bands fails because the injection fluids escape and seep away because of the shattered cement. It may travel up in back of the casing or it may enter some other band of rock previously treated.

A second system of perforating involves what is called the "shaped" charge; a more recent method of perforating casing. A cone-shaped explosive unit is lowered to the right level, and detonated in such a way that the full explosive force applies at the apex of the cone, and blows a hole through the pipe at a very high pressure. A great number of these are required. While this will surely penetrate the pipe it can create even more damage to casing, and the cement bond behind it than shooting bullets, and accordingly it fails in large part as a maximizing agent for oil flow from tight bands—for, again, the pressurizing methods of stimulated production in many bands (acidizing or sand fracturing) fail-

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The State of Trade and Industry

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

Total industrial production continued to hold at about 10% under that of a year ago, in the period ended on Wednesday of last week. However, a moderate increase is looked for during November and December, but until then the current rate of output is expected to prevail. At the present time per capital industrial output is about 1% higher than in 1947, Dun & Bradstreet, Inc. reports.

Last week the United States Department of Labor announced that small but widespread declines in joblessness occurred in three-fourths of the nation's largest labor market areas in the period between mid-July and mid-September. More than 3,000,000 remain unemployed, however. Areas producing automobiles, non-electrical machinery, steel and coal did not show significant improvement during this period.

Total continued claims for unemployment insurance benefits in the week ended Sept. 4 declined 3% from the preceding week; initial claims in the week ended Sept. 11 decreased 7%.

Economic activity in July and August held around the level prevailing since last spring. That's the way the United States Department of Commerce sized up the business situation in its latest survey.

Orders flowing to manufacturers were cited as a major indication of "stability." After allowance for seasonal variations, new business placed with producers has totaled between $22,500,000,000 and $23,000,000,000 a month since March, the survey said. It added: "This plateau is in contrast to the previous 12 months when new orders fell from almost $26,000,000,000 to a low well under $22,000,000,000 a month."

Steel production this week is at its highest point since mid-June, according to "The Iron Age," national metalworking weekly. Mill production men continue to raise their sights over summer estimates as new steel orders come in steadily at a faster pace than had been anticipated.

Ingot production this week is scheduled at 69.0% of rated capacity, up one-half point from last week's revised rate of 68.5%. Ingot production index is estimated at 102.2 (1947-49=100).

There are increasing signs that production will continue its slow but steady growth of the past few weeks and the rate of climb may accelerate next month, as steelmakers are talking now of operating in the 80% range during the fourth quarter, states this trade authority.

Another important steel weathervane continued to indicate brisk trade winds this week. "The Iron Age" Heavy Melting Steel Scrap Composite Price remained unchanged at $30.17, high point for the year. The scrap industry this week recorded further price advances not yet reflected in open hearth steelmaking grades.

As a barometer of overall economic weather, the steel picture is encouraging. Ingot operations are tied closely to new order volume (pressure is high for fast delivery), and current increase in steel buying is not limited to any one industry. Rather, it reflects a general quickening of overall metalworking activity, it observes.

The much talked-about flood of automotive orders still hasn't appeared, but this shouldn't be taken too much to heart. The automotive buying picture, this trade magazine asserts, is brighter than it has been painted.

Automotive steel buying is on the upgrade. While volume is not yet high, some automakers have stepped up purchasing of flat-rolled items and some bars and parts suppliers are buying.

Initial steel buying for a new model is traditionally on the light side. There are just too many problems that can crop up when a new model goes into production to justify heavy steel buying, particularly when steel is easy and deliveries fast. The two biggest producers, Ford and Chevrolet, have the most complex changeover problems.

Warehouses are battling to regain customers lost to mills in recent months. Latest move is a general shifting of quantity limits. Aggressive selling seems to be paying off.

In the automotive field a 13.2% drop in car output last week—the eighth decline in a row—established the industry's switch to 1955 models as the most costly changeover in five years, "Ward's Automotive Reports" stated on Friday last.

Scheduled to leave domestic plants the past week were 50,101 cars against 57,716 a week earlier. Not since 1949, when the lowest five-day point in changeovers was 36,613 cars, has such a depth been reached.

In 1953 the poorest five-day volume during changeover was 52,277 units, while in 1952 it was 86,403, in 1951—62,048, and in 1950—95,865, according to this statistical agency.

"Ward's said that changeover operations continued last week at Chevrolet, Pontiac and the four Chrysler Corp. car divisions, while Kaiser and Willys continued their shutdown started June 30. In addition, combined Oldsmobile-Buick volume dipped 38% in an adjustment to the September program.

The reporting service added, however, that a 23.6% gain in truck volume the past week held the over-all domestic output fall-off from the preceding week to 6.2% with an upturn expected this week.

Scheduled output a week ago were 66,957 cars and trucks against 71,358 the week before and 132,329 a year ago. The upturn in trucks stemmed from higher Chevrolet volume following a scheduled shutdown during a part of the preceding week.

Reflecting the changeover pattern, Ford Motor Co. took 63% of United States car output last week, General Motors garnering

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Flirting With Convertibility

By A. WILFRED MAY

Observing proceedings and discussion at annual World Bank and Fund governors' meeting, Mr. May interprets British position as indicating formal convertibility postponed to indefinite long-distant future; with the world meanwhile edging uncertainly toward an informal uncertain shadow-land of *de facto* transferability. Says turndown by British has gotten Italy and France "off the hook" of adopting immediate decisive policy.

WASHINGTON, SEPTEMBER 29.—

"Mother, may I go in to swim?
Yes, my darling daughter!
Hang your clothes on the hickory limb,
But don't go near the water!"

Reciting this nursery rhyme to characterize the hesitancy of countries standing on the edge of convertibility, Mr. M. W. Holtrop of Holland, Chairman of the Board of Governors of the International Monetary Fund, inquired just what it is that holds them back; whether they are only out for a flirtation with convertibility, or whether they do really have sound reasons to fear a bad cold?

A. Wilfred May

In replying that England's custom is for the summer bather to test the water with his feet before entering the sea, Chancellor of the Exchequer Butler, the man in the key position, added the twin simile clearly depicting the basic conflict underlying the extended discussion of convertibility's status engaged in by the array of the world's monetary authorities gathered here.

And stemming from Mr. Butler's definitive policy pronouncement at the early proceedings here as to the need for further delay; and, on the other hand, from skepticism in regard thereto voiced here and elsewhere; has been the $64 question pervading these corridors as to whether Britain's decision should be taken to mean that convertibility *now* has been permanently buried by those who only give it lip service; or, on the other hand, whether we will in good faith be edging toward it on a *de facto* in lieu of a formal basis, with the arrival at the desired goal only a matter of time.

Are the Britishers' professed fears valid; or are they afflicted with hypochondria, and bereft of the will required to get well? Will the British *ever* deem the time to be ripe?

Germany's position, with its implication about British stalling, was enunciated here by her economics boss, Ludwig Erhard, as follows: "Doubtless not all member countries of the Bank and Fund are in a position to make their currencies convertible to the same extent or at the same rate of speed, but neither can there be any doubt that in a large number of countries the basic conditions for convertibility are actually present. . . . If we are to postpone the transition to convertibility until the ideal pattern of all conceivable conditions in all countries is achieved, we shall never attain that goal; it seems to me, on the other hand, that the conditions for it were never so favorable as at this phase of a brisk business activity throughout the world."

The Obstacles

It would seem that one's conclusions about the sincerity of Britain's professions, and hence about the convertibility timetable, depend on an objective appraisal of the obstacles there and in other countries.

The British opposition to the convertibility step, as voiced here by Mr. Butler, is based on the allegedly continuous inadequacy (presumably without a $5 billion raid on the Fund and/or the U. S. Treasury) of dollar reserves outside of the United States; but more emphatically on complaint about American tariff policy. But in reply thereto it must be asked, irrespective of the justification of this argument, whether there will not always be ground for complaint, or at least great worry, in this area. Even with the advent of a major reversal in such policy, will there not always be fear concerning its permanence?

The other major obstacle blocking Britain, not openly voiced, is the political consideration—with a general election on tap before the deadline of the end of 1956, and probably to be held in the fall of 1955.

One of these considerations appears to be valid; in the form of the opportunity given to foreigners to convert their sterling into dollars during the possibly brief period before the advent of a Labor Government which would take away that privilege.

But a second "political" consideration, namely, the risk of public unpopularity in the removal of controls, pre-election, is questionable. Surely it is not inconceivable that a forthright position for correct policy would win out. In any event, there is no guaranty that such political foreboding would be eliminated even by the one- or two-year off election. If the Conservatives remain in office, they might still be "politically" restrained from taking the step; and there surely is grave doubt about a Labor government ever being pressured into it. So here, as elsewhere, "why is later any more likely than now?"

Incidentally, is it not ironical that the British, who always bait the United States Executive Branch for letting high policy be influenced by political expediency, are also thus motivated, and with greater subtlety and surreptition?

The consideration of politics in another instance here can be seen as far-reaching. We refer to President Black's important proposal on behalf of the Bank, soundly pleading for curtailment of competitively expanding export subsidies via suppliers' credits, which, in opposition to the Capehart proposals, will probably be blocked by political considerations.

Convertibility Possibilities Elsewhere

Outside of Great Britain, possibilities of achieving convertibility are mixed. Germany and the Benelux countries are in the easiest position of dollar liberalization. Even if Britain delays

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Outlook for Sound Money in U. S.

By WALTER E. SPAHR*

Professor of Economics, New York University
Executive Vice-President,
Economists' National Committee on Monetary Policy

Asserting our system of currency which is fostered by the Administration and Congress conforms with the desires of the Communists formerly in the Treasury Department, Dr. Spahr attacks inaction by Congress on monetary reform. Holds wise use of savings becomes a problem, because there is no protection against further depreciation of the dollar. Concludes, a Managerial State and irredeemable currency are enemies of economic equilibrium.

The outlook for a sound currency in the United States is shrouded in uncertainty. There apparently is no basis at present to justify confidence that the Republican Administration intends to provide the people of this nation with a redeemable currency. Hearings were held on the Bridges gold standard-redeemable currency bill, and on three other gold bills, on March 29, 30, 31, and April 1, this year, by a subcommittee, under the Chairmanship of Senator John Bricker, of the Committee on Banking and Currency of the United States Senate. But this session of Congress was permitted to come to a close without any report being made by that subcommittee to the full committee or to the Senate. In the House no hearings were held on the companion Reece bill. Prior to the introduction of the Bridges-Reece bill in this session of Congress, similar bills had been introduced in the House by Representatives Buffett of Nebraska, Reed of New York, Hale of Maine, and Hiestand of California; but no hearings were held on any of those bills.

Dr. Walter E. Spahr

On August 20, Senator Bridges stated in the "Congressional Record" (p. 14666) that he intended to introduce his bill "in the 84th Congress and vigorously press for passage." Although there was no outward manifestation of vigorous pressure for passage of his bill during the latest session of Congress, perhaps in the next session the best interests of the people in the field of money may be better or properly served.

Inasmuch as a sound currency is analogous to a healthy bloodstream in the human body, there is never a valid excuse for not replacing a diseased monetary bloodstream with a sound one at the earliest possible opportunity. And in our case such opportunity has existed since the reopening of the banks in 1933. Unfortunately and regrettably, the latest session of Congress provided evidence to the effect that the new Administration is not a good doctor in so far as the monetary bloodstream of this nation is concerned. Senator Bridges offered a sound prescription; but his associates were so enamored with the intoxicating effects and assumed beneficial possibilities of the drug of irredeemable currency that his proposal to save our people from the ultimate effects of that subtle, but deadly, drug seemingly yielded no positive beneficial result aside from the opportunity provided various monetary economists, and others, to offer constructive actual testimony in support of the Bridges bill.

Obstacles Which Are Depriving the People of the United States of a Sound Currency

Various obstacles, thus far overwhelming, but none of them in the best interests of our country, are preventing our people from having the benefits of a healthy monetary bloodstream—that is, a currency redeemable in gold at the present statutory rate of $35 per fine ounce, with uses of credit confined to self-liquidating transactions.

One of these obstacles is the old and well-established fact that once a people are given a taste of the insidious and corrupting drug of irredeemable currency they quickly embrace it and, in the manner of drug addicts, employ every argument which the human mind can devise as to why they should not be deprived of it.

Another and ominous obstacle to a sound and honest money is the position taken by our Federal Government beginning in 1933 and continuing down to date. It was widely expected, or at least hoped, that the new Administration would demonstrate a higher type of understanding and responsibility in respect to our people's monetary system than was shown during the two preceding decades. But such, unfortunately, has not been the case. Officials of the Treasury and of the Board of Governors of the Federal Reserve System have taken the position that an irredeemable currency is better than a redeemable currency for our people at this time and for an indefinite future time, but for opposite reasons—Dr. Burgess, for the Treasury, because our economic situation is not good enough, Mr. Martin, for the Reserve Board, because it is not bad enough. Also of significance is the fact that Dr. Burgess's defense of an irredeemable currency as a Treasury official stands in direct conflict with his arguments in behalf of a gold standard and redeemable currency prior to his appointment as a Treasury official in the present Administration.

To the obstacle to an honest and sound currency provided by the Treasury and Federal Reserve officials must be added the office of the President, or perhaps one should say Presidential advisors, since Dr. Burgess stated in his opposition to the Bridges bill that his views were "in accordance with those of the White House."

Our irredeemable currency system provides the United States

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*An address by Dr. Spahr at a luncheon meeting of the John Erickson Society, Engineers' Club, New York City, Sept. 23, 1954.

This Is Not the Time For Convertibility!

By the RT. HON. RICHARD AUSTEN BUTLER*
Chancellor of the Exchequer

Britain's ranking finance official maintains more time is needed to create the conditions in which the present regional arrangements for freedom in trade can be more widely extended; with achievement of necessary equilibrium no easy task. Declares United Kingdom does not intend to seek equilibrium through severe deflation and accompanying unemployment in the face of national policies and international obligations. Notes encouraging progress made thus far, but states "further decisive and irreversible" steps to freedom depend on reciprocal action by others. Cites as present factors not durable and lasting: large-scale U. S. aid, her heavy overseas military expenditures, and discrimination against imports from dollar area. Urges period of consolidation, and proceeding with prudence as well as assiduity.

It is now nearly ten years since the Fund was set up, and the Fund has not yet come to play in international affairs the role which its founders intended. And I daresay that we have all heard expressions of impatience. But the Fund is not some abstract entity. The Fund is what its own members make it—ever adjusting itself.


Rt. Hon. R. A. Butler

It seems to me to have the merits of the American Constitution, in that it is written, and the value of the British Constitution, in that it is ever-evolving. And, therefore, we have to have in handling its affairs something of the wisdom of Jefferson and the original and antiquarian quality of Simon de Montfort.

There have been two difficulties in the past. First, an absence of unanimity among its members, and particularly, if I may say frankly, among the major members, about the role of the Fund and the speed with which progress has been made toward its objectives.

*Statement by Mr. Butler at the discussion of the International Monetary Fund's Annual Report, Washington, D. C., Sept. 25, 1954.

But I think we are now all a good deal closer together.

What's more important and more hopeful is that the economic circumstances prevailing in the world were for a long time after the Second World War quite unfavorable to the Fund's objectives. The Fund, as I see it, was intended to operate in a world where the pattern of trade was such as to assure us a substantial equilibrium in international payments with the Fund providing reserve resources to deal with oscillations round about that equilibrium.

But up till the past year or two there was a serious dollar gap, filled in by very generous U. S. aid, and there was a deep-seated and serious imbalance in international payments. It was natural and sensible in these circumstances to break up the worldwide problem into more manageable parts, and this has been done very successfully in the regional organization, such as the sterling area and the OEEC, of which I am Chairman.

Multilateral System Approached

Now, in this year, without neglecting the experience we have gained, and using the existing organization, we have come nearer than at any time since the end of the second world war to the conditions which the International Monetary Fund founders had in mind—that is, conditions in which a multilateral system of payments can be envisaged.

And so, the constructive task which lies ahead is to create the conditions in which the freedoms in trade and finance secured under regional arrangements can be extended more widely. But this must take time. We need time, for example, for the consideration of the many intricate problems facing Europe, We need time for trade liberalization to develop. We need to discuss credit, and we need to consolidate our internal policies.

Equilibrium No Easy Task

It's no easy or simple task to secure the equilibrium necessary for the efficient working of such a system.

It has been suggested that a young girl should jump in to bathe. I come from a country where the climate is somewhat colder than it is here—and from the east coast of England, where bathing is quite an adventure.

I speak not as young girl, of which I have very little experience, but as the father of a family, and it's usual for the father of a family on the east coast of England in the summer—I underline the word "summer"—at least before entering the sea to test the water with his feet.

That I suggest would be a prudent course for some of us.

Leaving aside this consideration, I want to put before you some deep human considerations. Member countries—and I speak particularly for the United Kingdom Government—do not wish, nor do we intend, to seek equilibrium through severe deflation and the accompanying scourge of unemployment. Countries nowadays are committed by national policies and international obligations to maintain high levels of employment. And perhaps this has been the most significant advance in social and economic affairs in this century. And here it is that we link our efforts with the needs of the people, and so the architects of every modern system involving the freedom of currencies, the expansion of trade, and stability of international payments must combine these much-sought-after prizes with high levels of employment, increasing production, and higher standards of life.

We have in fact to reconcile the views of international experts and central banks with the hopes and fears of the common man. And how shall we do this? Well, we in the sterling area and the Commonwealth—because our friends in Canada are a great help to us in this matter—took the initiative in 1952 in proposing a worldwide movement towards freer trade and currencies, and we wisely laid down certain pre-conditions. One of these was that other countries also would adopt policies conducive to the expansion of trade, because we have always held that if we are to build upon the work of the founding fathers we must learn in our time that trade and finance must march forward together.

Convertibility Only the Beginning

Convertibility, as I hear it referred to in the corridors and in journalistic interviews, seems to be regarded as a sort of terminus. But it is really only the beginning of the journey. I regard it as a reward in our efforts if we succeed to create the right conditions for a healthy expansion of international trade I regard it as a certificate that we should be able to continue down the same road. Well, how are we progressing? First in Europe. I must be clear that in the present European conditions the atmosphere and the practical advance must be right. Well, we have discussed convertibility in the ministerial OEEC group under my chairmanship. We realized that the OEEC and EPU were conceived from the beginning as transitional arrangements towards a fuller multilateral system, and so we are now giving close consideration in the OEEC to the really intricate problems involved in the move in Europe to a wider system. It is certainly vital to preserve and consolidate the liberalization of trade and payments already secured inside Europe, and with patience we in Europe will discover the practical solution to the difficulties of the transition from the regional OEEC to a worldwide system.

We have made certain progress in considering the provision of credit, for example, to sustain convertibility. I have spoken about the freedom and liberalization of trade, and we have considered the possibility of a European fund. But there will be an important role for the Fund to play in all this, and discussions will be necessary between the Fund and the European countries when Europe has developed its thoughts a little further.

I want to stress that European cooperation on a regional basis is in no way inconsistent with, but actually complementary to, participation in world organizations, such as the IMF and the GATT and, as is known in this gathering, the GATT is about to be reviewed.

Europe's Partners Should Provide Driving Force

Then we think of Europe's partners, the Commonwealth and the United States of America, and all the other countries concerned in the free world. The Commonwealth, the United States, and the OEEC countries account for some 80% of the world's trade. It is, therefore, not unexpected that these countries should provide the driving force for moving towards greater freedom in trade and payments.

We have, too, made very considerable progress in the sterling area. We have had a series of conferences, one of which took place in Sydney, Australia, only this year. I speak as what is known as the banker for the sterling area, and I speak as one who realizes that sterling finances about half of the world's trade. Therefore, I must urge upon this gathering that a mood of the utmost responsibility is essential in deciding upon the future of this great concept, based as it must be on the cooperation and stability of its members.

We have also progressed in the United Kingdom, and I sometimes wonder whether the extent of the advance of the United Kingdom towards greater freedom and trade in currencies is fully realized abroad. A few years ago controls and rationing pervaded our economy. These were the relics of the second World War and sprang from the shortages of the earlier postwar period. There were controls on the consumption of private individuals and controls on imports. Most of these restrictions have been progressively swept away, and a high degree of liberalization of trade with the dollar as well as with the nondollar world now prevails. So restrictions are now the exception rather than the rule and over a very wide field our importers can buy where they want. And so these more liberal trading practices have created enlarged opportunities for the exporters of other countries in the expanding market of the United Kingdom.

Similar advances towards free trade have been made by other countries, notably the OEEC countries, which have been progressively extending to other areas the liberalization of trade built up in Europe.

Progress Thus Far

All this adds up to a most encouraging record of progress towards a worldwide system of multilateral trade and payments, but I must stress that further decisive and irreversible steps to freedom must depend on reciprocal action by others and on reasonable prospects of a dependable and continuing balance in international payments and trade.

Now, what about the improved pattern of international payments and general expansion of world trade? Chapters 2 and 3 of the Fund Report bring out these improvements very clearly, the improvements in payments and the reserve position of countries outside the United States, and the greater freedom in the payments field, and the improvements of current capital accounts. The dollar gap as measured by the balance of all private and non-aid government transactions had disappeared in 1953, and this balance on current account has continued into 1954, despite the reduced level of United States business activity and United States imports. These favorable developments are due in part to the flexible use of monetary and fiscal weapons by countries outside the United States. Thus, they have made and kept their economies healthy and strong, and so in 1953 we have seen clear evidence of the great competitiveness in supplies from non-dollar areas, and a reduction of the dependence of the rest of the world on the U. S. A. for supplies, for example of grain, cotton, and machinery.

We hope that these changes which spring from increased production and productivity outside the United States will be continued. The balance in the current account between the United States and the rest of the world over the past two years has meant that the rest of the world has had a substantial surplus, that is, between 2,000 million and 2,500 million per annum in its aggregate payments with the United States. This has led to much needed improvement in the capital and reserve position of the nondollar area. As shown in Chapter 2 of the Report, the official gold and dollar reserves of countries outside the United States increased by $3,500 million between December, 1951, and March, 1954. But, even so, if we consider the adequacy of the reserves outside of the United States, these are still in general inadequate to give support by themselves for a decisive move forward to convertibility, for these reserves in many cases still amount to a

small proportion of the total annual imports.

And so, international reserves, such as those held by the International Monetary Fund, will become of increasing importance as we move forward.

Some Existing Supports Not Durable

However, as the report shows, there are some factors at work in this field of international payments which cannot be regarded as durable and lasting. These are, for example, the aid which the United States is still giving on a great scale to the rest of the world, the heavy United States military expenditure overseas, including off-shore purchases, and continuing discrimination against imports from the dollar area.

A dependable balance in international trade and payments and particularly in the United States payments with the rest of the world, requires, therefore, in our view, the substitution of some more stable factors, such as increased production in certain countries and an increased opportunity to trade, and more will to invest overseas.

Europe has certainly fortified itself and helped the rest of the world through the expansion in European production which has taken place recently. But we must remember that the rate of expansion in any country and the ratio of the expansion between one country and another form one of the most difficult and perplexing puzzles for governments.

If expansion in the major countries is not relatively equivalent over a considerable period, balance of payments difficulties restrictions, and contraction of world trade are likely to follow.

So there are risks in Europe going forward with expansion while the economy of a major world power, namely, the United States of America, is static.

Hails Halt in U. S. Decline

And so, we have been gratified that the United States administration has taken such prompt and effective measures to halt the decline in the United States level of activity in 1953-1954. The fact that the reduction in United States activity didn't provoke a general international balance of payments crisis was due in great part to the maintenance of the health and strength of the United States economy.

And so I think I can say all members feel more reassured about the future when they see the dynamic United States economy, holding its own and showing signs of maintaining its improvement.

And now we want to add to this eulogy the very definite feeling we have, and that is that we all look for a more marked progress in the United States towards more liberal trade policies which would increase the dollar earning opportunities of the rest of the world.

The Function of the Fund

How can the Fund help in all this?

In all our collective effort of the members in our progress towards greater freedom in practices and policies, 1953 was a record year for the Fund sales of currencies to members and for repayment by members.

There has been seen a record of increasing service to members and greater confidence of members in the Fund as a second line of reserve.

I think probably all this is the

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Dealer-Broker Investment Recommendations & Literature

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

Behind the Market Issues—Selected list—Francis I. du Pont & Co., 1 Wall Street New York 5, N. Y.

Canada—Monthly commercial letter—Canadian Bank of Commerce, Business Development Department, Canadian Bank of Commerce, 25 King Street, West, Toronto, Ont., Canada.

Canadian Economy—Monthly report—Bank of Montreal, Montreal, Que., Canada (New York office 64 Wall Street).

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

Monthly Review—Trading data on the more than 1,000 issues listed on the Toronto Stock Exchange—Toronto Stock Exchange, Bay Street, Toronto, Ont., Canada.

Oil Industry in Japan with particular reference to **Nippon Oil Co., Daikyo Oil Co.,** and **Mitsubishi Oil Co.**—In current issue of "Monthly Stock Digest"—Nomura Securities Co., Ltd., 1-1 Chome, Nihonbashi-Tori, Chuo-ku, Tokyo, Japan.

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.

Profits Through Research — Plus **"Positive Investment Program for 1954-1958"** both booklets free of charge—Offer C-154, Investors Research Company, Santa Barbara, Calif.

Stock Markets News and Service—Special introduction trial subscription to Canadian Stock Market Advisory service—eight weeks — $3.00—(regular subscription rates $15 for 25 issues or $25 for 50 issues)—Dept. 5, Oscar C. Bartells, 100 Adelaide Street, West, Toronto, Ont., Canada.

Uranium Digest—Booklet—Amos C. Sudler & Co., First National Bank Building, Denver 2, Colo.

Values in Depressed Industries (Canadian)—Analysis—Ross, Knowles & Co., Ltd., 25 Adelaide Street, West, Toronto 1, Ont., Canada.

* * *

American Mercury Insurance Company—Report—Peter P. McDermott & Co., 44 Wall Street, New York 5, N. Y.

Brooks Scanlon Oil Co. — Memorandum — Piper, Jaffray & Hopwood, 115 East 7th Street, Minneapolis 2, Minn.

Central of Georgia Railway Company — Analysis — Ferris & Company, Washington Building, Washington 5, D. C.

Century Geophysical Corp.—Bulletin—George A. Searight, 115 Broadway, New York 6, N. Y.

Chemical Research Corporation—Analysis—L. S. Jackson & Company, Ltd., 132 St. James Street, West, Montreal, Que., Canada.

Chrysler Corporation—Analysis—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available are data on **Visking Corp., Joy Manufacturing** and **Standard Milling.**

East Tennessee Natural Gas Company — Analysis — Smith, Hague, Noble & Co., Penobscot Building, Detroit 26, Mich.

Freeport Sulphur Co.—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y. Also available is an analysis of **Kaiser Aluminum & Chemical Corp.**

Gould-National Batteries, Inc.—Analytical brochure—Glore, Forgan & Co., 135 South La Salle Street, Chicago 3, Ill. and 40 Wall Street, New York 5, N. Y.

International Telephone & Telegraph Corporation—Bulletin—Peter P. McDermott & Co., 44 Wall Street, New York 5, N. Y.

Investors Diversified Services—Analysis—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Kansas City Southern Railway Company—Bulletin (No. 174)—Smith, Barney & Co., 14 Wall Street, New York 5, N. Y.

Leon Land & Cattle Company—Analysis—Carlson & Company, 2023 First Avenue North, Birmingham 3, Ala.

National City Bank of New York—Bulletin—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Olin Mathieson Chemical Corporation—Analysis—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Pacific Power & Light Company—Analysis—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill.

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

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

Schick, Inc.—Report—Parrish & Co., 40 Wall Street, New York 5, N. Y.

Southern Colorado Power Co.—Analysis—Cohu & Co., 1 Wall Street, New York 5, N. Y.

Standard Fruit & Steamship Co.—Memorandum—Barclay Investment Co., 39 South La Salle Street, Chicago 3, Ill.

Twin Disco Clutch Company — Analysis in current issue of "Business and Financial Digest"—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis. In the same issue is an analysis of **Emhart Manufacturing Company.**

NSTA Notes

STANY'S POST CONVENTION ENTERTAINMENT

The Security Traders Association of New York entertained the members of NSTA attending the Atlantic City Convention at a most enjoyable dinner-dance on Sept. 26 at the Starlight Roof of the Waldorf-Astoria. Music by the Meyer Davis Orchestra.

On Monday, STANY entertained the ladies at a special luncheon at the Plaza Hotel, and on Monday and Tuesday morning were hosts at breakfast at Eberlein's. Also on the program of entertainment were a Circle Line boat trip around New York, and visits to the Hayden Planetarium, N. B. C., United Nations, etc.

AD LIBBING

Cyril M. Murphy

The National Advertising Committee is extending thanks to Cy Murphy, John C. Legg & Company, New York City, for his work in obtaining an advertisement for our NSTA Year-Book Convention Supplement of the "Chronicle" from the Trust Company of North America in New York City.

HAROLD B. SMITH, Chairman,
National Advertising Committee,
c/o Pershing & Co.,
120 Broadway, New York City

NSTA CONVENTION FOR 1955 AND 1956

The National Security Traders Association will hold its Convention in 1955 at Mackinac Island, Michigan, in September.

In 1956 the Convention will be held at El Mirador, Palm Springs, California.

$30,000,000 State of Ohio Major Thoroughfare Construction Bonds Marketed

Union Securities Corporation and associates submitted the high bid for $30,000,000 State of Ohio Major Thoroughfare Construction Bonds, series A, due March 15 and Sept. 15, 1956-1964, inclusive, at competitive sale on Sept. 28. The group specified a price of 100.9599% for 6%, 1%, 1¼% and 1.40% bonds, resulting in a net interest cost of 1.3811% to the State.

Upon reoffering of the bonds, the group placed the 6% bonds privately and offered the balance of the issue at prices to yield from 0.95% to 1.50%.

The bonds are interest exempt from Federal income taxes.

Principal of and interest on the bonds are payable from fees, excises or license taxes relating to regisration, operation or use of vehicles on public highways, or to fuels used for propelling such vehicles.

Associates of Union Securities Corporation in the offering include:

C. J. Davine & Co.; Merrill, Turben & Co.; Ball, Burge & Kraus; Baxter, Williams & Co.; Clark, Dodge & Company; Fahey, Clark & Co.; Field, Richards & Co.; The First Cleveland Corporation; Fulton, Reid & Co.; Hayden, Miller & Co.; Aubrey G. Lanston & Co. Incorporated; Wm. J. Mericka & Co. Incorporated; Stroud & Company Incorporated; Weeden & Co. Incorporated.

R. L. Day & Co.; Shearson, Hammill & Co.; Blewer, Heitner & Glynn; Blunt Ellis & Simmons; John W. Clarke & Co.; F. W. Craigie & Co.; First Securities Company of Chicago; Ginther, Johnson & Co.; Malvern Hill & Company Incorporated; E. F. Hutton & Company; Olderman, Asbeck & Co.; Andrews & Wells, Inc.; Dempsey-Tegeler & Co.; Doll & Isphording, Inc.

Heller, Bruce & Co.; Kaiser & Co.; Magnus & Company; Nelson, Browning & Co.; New York Hanseatic Corporation; Rodman & Renshaw; Walter, Woody & Heimerdinger; J. A. White & Company; Rand & Co.; Schaffer, Necker & Co.; Fairman, Harris & Company, Inc.; Courts & Company; Dwinnell, Harkness & Hill, Inc.; Farwell, Chapman & Company; Freeman & Company.

Barcus, Kindred & Company; Grant Brownell & Company; G. C. Haas & Company; Park, Ryan, Incorporated; Ross, Borton & Simon, Inc.; The W. C. Thornburgh Company; Watling, Lerchen & Company; R. H. Brooke & Company; Clement A. Evans & Co., Inc.; Gottron, Russell & Co., Inc.; Gordon Graves & Company.

Charles A. Hinsch & Company; Shannon & Company; John Small & Company; J. W. Suarks & Company; Berman, Selonick & Company; Cincinnati Municipal Bond Corp.; Cunningham, Gunn & Carey, Inc.; Einhorn & Company; Hawkins & Company; Mead, Miller & Company; Middendorf & Company; Parsons & Company.

First Boston Group Underwrite National City Bank Offering

The National City Bank of New York, largest commercial bank in New York, is today (Sept. 30) offering to holders of its $20 par value capital stock rights to subscribe for 2,500,000 additional shares on the basis of one new share for each three shares held of record Sept. 24, 1954. The subscription price is $52.50 per share. The offering expires on Oct. 22, 1954.

The transaction, which will increase the bank's outstanding stock to 10,000,000 shares, will be underwritten by a group of 42 investment firms headed by The First Boston Corp. The group will purchase all unsubscribed shares of which up to 25,000 will be offered to the staff of the bank at the subscription price.

From the proceeds, $50,000,000 will be added to capital and the remainder of $81,250,000 will be transferred to surplus. After the financing, combined capital funds of the bank and the affiliated City Bank Farmers Trust Company will be approximately $582,000,000, not including unallocated reserves amounting to $50,000,000. This will result in the bank having the greatest capital funds of any commercial banking enterprise in the country.

National City provides "retail banking" through 71 units servicing the five boroughs of New York. It has 57 branches overseas in 19 foreign countries, more than any other American bank. City Bank Farmers Trust Co., whose stock is held in trust for stockholders of National City, is the oldest, as well as one of the largest trust companies in the United States. City Bank Farmers Trust administers securities and properties amounting to about $2 billion and in addition holds approximately $5½ billion in custodian and safekeeping accounts.

We Can Have Both Peace and Prosperity

By ROGER W. BABSON

Mr. Babson contends that what we have learned from 1953 recession is that we can have both peace and prosperity if we will adjust ourselves to the law of Supply and Demand. Calls for intensified research on consumer attitudes, with a view to creating wants and needs and make selling more effective. Holds more spending on advertising is required.

What we need more than anything in this country if we want both peace and prosperity is a better recognition of the Law of Supply and Demand.

Roger W. Babson

Many people have indicated to me in recent months a kind of fatalism about our economic outlook. They seem to feel that prosperity can be maintained only in a war economy. Perhaps this is because it has been so many years since we have prospered without war. A lesson that we will learn from the recession which started in the summer of 1953 is that we can have both peace and prosperity if we will adjust ourselves to the Law of Supply and Demand.

But a lot of research must be done on consumer attitudes, on finding out what makes people buy, on how to create wants and needs, and how to develop appreciably more effective selling. This especially applies to all merchants. These are the ones who determine employment and business. I wish I had a five-dollar bill for every person I have recently heard say that he would buy a new car if only someone would really try to sell him one.

Lessons from 1929 and World War II

During the peace years from 1929 through 1940, we lost in national output of both goods and services better than $600 billions when measured by 1953 prices. This was about twice what World War II cost us! Our real trouble during those unhappy years was that the buying power of our people failed to keep pace with our productive know-how. For the Law of Supply and Demand to work freely in peacetime, the benefits of new inventions and new methods must be passed along to the worker in the form of higher wages and to the consumer in the form of lower prices, so that the public will be able to buy the products of our increased capacity. This surely requires spending more money on advertising.

Out of our experiences in two World Wars we have learned that the Law of Supply and Demand, although suspended during wartime, must never be forgotten. We have learned that only by **curtailing civilian demand** can we meet military needs effectively, and save as many lives as possible. The trouble comes, however, when we try to return to a peacetime economy without stimulating civilian demand.

Your Part in Prosperity

Everybody knows that when the demand for anything becomes great, prices go up until production catches up. Remember what electric refrigerators, radios, and TV sets first cost. Look at the current asking price of color TV! When a smart businessman sees his colleagues making money by the fistful, he gets into the act too. Then as more goods are produced and more is spent on advertising, prices start to fall, people go out and buy, and more are employed.

Instead of letting business take this course after World War II, government subsidy and regulation tried to keep business good by holding prices high in the face of declining demand. Pretty soon inflation ballooned our whole price structure. The subsequent recession was in part a process of readjustment to this mistaken attempt to keep prices high.

Work for the Consumer

Whether or not we will have another crash depends on the kind of producers and merchants who make up our economy. The way of economic salvation is to work harder, produce better products at lower cost, and then sell harder than ever before. New markets for new products must be developed. When a market is lost, the sales organization had better find another market rather than appeal to the government.

I forecast that research must be encouraged to keep a concern or a city in a competively strong position — product research, selling research, and consumer research. Salaries must keep pace with the times. The Law of Supply and Demand will require flexibility and adaptability by all of us. But, if we want both peace and prosperity, we will learn how to live under a free working Law of Supply and Demand. This Law we can no more change than we can change the weather.

With Reynolds Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANSICO, Calif. — Leonard J. Smith has been added to the staff of Reynolds & Co., 425 Montgomery Street. He was previously with Francis I. du Pont & Co.

Shaw Hooker Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—John E. Hamilton-Selway is with Shaw, Hooker & Co., 1 Montgomery Street, members of the San Francisco Stock Exchange.

Walston & Co. In New Quarters

Walston & Co., members of the New York Stock Exchange and other leading exchanges, announce the removal of their main New York office to the 20th floor, 120 Broadway, New York City. Telephone remains unchanged.

Eugene Catron Joins Shields & Company

Eugene H. Catron has become associated with the new business department of Shields & Company, 44 Wall Street, New York City, members of the New York Stock Exchange. Mr. Catron was formerly Vice-President of F. Eberstadt & Co., Inc.

*A Look at Canadian Natural Gas

By N. E. TANNER*
President, Trans-Canada Pipe Lines, Ltd

After reviewing briefly development of gas pipe lines in U. S., Mr. Tanner describes the rapid rise of the oil and gas industry in Canada. Finds astounding progress of pipe line construction in Canada. Points out Canadian gas reserves could have a natural market in the Northwestern states, if present man-made barriers did not exist. Tells of new 20-inch pipe line being constructed from Niagara to Toronto, connecting with the Tennessee Gas Transmission Company lines. Looks for more oil and gas exploration in Canada in anticipation of gas export, and hits at "regulations for the sake of regulations" as stifling the basic concept of free enterprise.

As I compare the length of time which many of natural gas companies have been operating, with the age of Trans-Canada Pipe Lines Limited, it makes me feel like the ugly duckling, i.e., one more or less out of his class, or probably a better comparison would be the baby brother or sister of the family. I am the proud father of five lovely daughters, all of whom are married, and I well remember how the older girls looked at the baby sister as a nuisance and of little importance, but the time came when she was able to hold her own in every respect, even in her popularity with the opposite sex. We are determined to grow into an adult member of the family in such a way as to be accepted wholeheartedly as one having grown gracefully to maturity. Referring back to the ugly duckling: If I remember correctly, his size and shape were pretty well determined while yet a youngster, a size which was somewhat greater than that of his associates, and he had to grow to fill the cast which had been set. Trans-Canada Pipe Lines is somewhat in that position, in that its original pattern is somewhat larger than the patterns used by the other members; in fact, if my information is correct, Trans-Canada's pipe line will be the largest and longest gas pipe line in the world.


N. E. Tanner

We are most fortunate, as was my baby daughter, to have older sisters with experience after which we can pattern our growth and development, and to whom we can go for advice and even assistance in this exceedingly large and important undertaking. In fact, many engaged in pipelining here in the United States have offered to make their know-how and resources available to assist us with our problems. This we greatly appreciate. I might say too, that we have called on several of you and have been given very worthwhile help.

Many of you are well acquainted with the history of gas development in Western Canada and the events which led up to the birth of Trans-Canada Pipe Lines Limited, as it now exists and also its proposed program.

However, this is information which I think I am expected to deal with today.

Although most of us think of pipe lines as an amazing development in North America, with a comparatively short history, it was most interesting to me to learn that as far back as 940 B.C. —500 years before Socrates was born—the Chinese piped natural gas through hollow bamboo rods to evaporate brine from salt. The first natural gas pipeline built in the United States was made of bored pine logs and ran from West Bloomfield to Rochester, a distance of 25 miles; this project failed, however, and the loss sustained was about $1½ million.

I find that the first iron pipeline was built in the United States as early as 1872, with a 2 inch inside diameter and was 5½ miles long, running from Newton to Titusville, Pennsylvania; the pressure was up to 80 p.s.i. The first high pressure pipeline was constructed in 1891 by Indiana Natural Gas Oil Company, and had a diameter of 8 inches; it connected the Indiana gas fields with Chicago, a distance of 120 miles, and had a pressure of 525 p.s.i. This actually was a very short time ago when you think of the tremendous strides that have been made in all phases of the oil and gas industry since that time. When you think that at the turn of the century natural gas was practically non-existant as a fuel even in this great U.S.A., the present situation is almost unbelievable. Yes, many of us here in this room, have actually seen this whole almost fantastic development blossom out into a reality. Today we find people and industry 2,000 miles away from the source feeling that they are entitled to natural gas to heat their homes and to fuel their factories, and they expect to be supplied with it immediately, and the most encouraging thing about it is that there are those who are prepared to see that these wants are satisfied almost over night. To me the whole thing is fascinating and challenging to say the least.

Many of you here today are well acquainted with the development in Canada and particularly Western Canada, and in fact there are those here who have played no little part in the development; in fact we fully realize that the rate and kind of development that has been experienced there could not have been possible had it not been for the know-how, the manpower, the equipment and the risk capital and confidence that was supplied by those of our neighbors to the South who had been engaged in the industry or who had every confidence in it.

Oil and Gas Industry in Canada

Though the oil and gas industry in Canada is in its infancy when compared with that of the United States, it has even in that short period made astounding progress. My assignment here today is to tell you something about it and particularly about natural gas. I do appreciate this opportunity of discussing this subject with you. Whether or not Alberta's oil fields foreshadow another Texas, and regardless of the fact that the industry is young in Canada, it is of the utmost importance to Canadians and to Canada's future development.

Before going into this, however, I should like to tell you that next year the Province of Alberta will be 50 years old and we will be celebrating our golden jubilee. During that 50-year period or since the turn of the century, almost unbelievable progress has been made in every field all over the world and particularly on this the American Continent. I think that as we Albertans are approaching our 50th anniversary it is only natural for us to want to look back in retrospect at the great progress and achievements that have been made in that brief half century, and as at the beginning of a new year we sort of take stock of what has been accomplished and begin to make our new year's resolutions and definite plans for improving in the future. Naturally too we look at others and their great accomplishments. Take this wonderful old State of Louisiana and compare it today with all of its conveniences and advancement with what it was when the first settlers came here to New Orleans. The progress, due to the spirit of those old pioneers and the things they accomplished have influenced more than we generally realize the progress that we as younger States and Provinces have been able to accomplish.

During the short 50-year period of which I speak, Alberta's population has increased from approximately 100,000 to one million. Canada's population has reached 15 million, a small number when compared with the State of New York alone, yet the value of her national production is $24 billion, or 17 times what it was at the turn of the century. Canada also has become the third largest trading nation of the world and is leading the world in the production of a number of important minerals. Commodity exports have risen from $17 million to $4.1 billion. One could go on and on with most interesting developments, such as the spectacular iron ore development in the East and Kitamat in British Columbia, uranium in many different parts of Canada, but my subject has to do with oil and gas developments, most of which have taken place during the very short period of seven and one-half years.

To return, however, to the earliest natural gas development in Canada, we find that the first well drilled for natural gas was near Port Colborne, Ontario, in about 1860. Development following found so much gas that it supplied the City of Welland, Niagara Falls and Buffalo, New York.

Western Canada's first gas pipe line of any length was built in 1912 from Bow Island gas field in Southern Alberta to Calgary. The main pipe line was 16 inches in diameter and 170 miles long. Since then the combined system, serving Edmonton and Calgary with intervening and surrounding communities, has developed to the point where the highest combined peak load, during the Winter of 1953-54, was 350 million cubic feet in one day.

It was not until February, 1947, just seven and one-half years ago, that an active development program really got underway. After the discovery of oil at Leduc in 1947, Alberta's oil industry grew up in a hurry and in May, 1949, just two years after the discovery of oil in Leduc, announcement was made that a pipe line would be built by Interprovincial Pipe Line Company Limited from Edmonton to the head of the Great Lakes and world markets. Later it was completed to Sarnia, being a distance of 1,765 miles and varying in size from 16 inches to 20 inches and serving refineries from Edmonton Duluth and to Sarnia. The line was built to Duluth in 1950 in 150 days of actual construction and now has been looped and extended to a carrying capacity of 300,000 barrels per day.

Two years later the Transmountain Pipe Line was commenced and completed the following year with an ultimate carrying capacity of 150,000 barrels daily. This line runs from Edmonton to Vancouver, a distance of 718 miles. It will carry oil to the West coast serving refineries in Vancouver

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*An address by Mr. Tanner at the Independent Natural Gas Association of America, Annual Membership Meeting, New Orleans, La., Sept. 14, 1954.

Spencer, Zimmerman & Co. Formed in Georgia

COLUMBUS, Ga. — Spencer, Zimmerman & Co., Inc., has been formed with offices at 1238 Second Avenue to engage in the securities business. Officers are William H. Zimmerman, President; F. B. Zimmerman, Vice-President; and J. Kyle Spencer, Secretary-Treasurer. Mr. Zimmerman was formerly Vice-President of Clement A. Evans & Company, Inc. in charge of the Columbus office.

Shaine, Amelar With Arthur Krensky Co.

(Special to THE FINANCIAL CHRONICLE)

GRAND RAPIDS, Mich. — Hyman B. Shaine and Maurice J. Amelar have become associated with Arthur M. Krensky & Co., Inc., Chicago, members of the New York and Midwest Stock Exchanges. Mr. Shaine was manager of the Grand Rapids office of Straus, Blosser & McDowell, with which Mr. Amelar was also associated.

Walter Devlin Joins Dempsey-Tegeler Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Walter E. Devlin has become associated with Dempsey-Tegler & Co., 210 West Seventh Street. Mr. Devlin was formerly with H. Hentz & Co. and prior thereto was manager of the investment department for A. W. Morris & Co. In the past he was an officer of the First California Company.

William Perry Joins First Cleveland Corp.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — William J. Perry has become associated with The First Cleveland Corporation, National City East Sixth Building, members of the Midwest Stock Exchange. Mr. Perry was formerly regional manager for the Midwest Stock Exchange and prior thereto was Secretary of the Cleveland Stock Exchange.

With H. L. Jamieson Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Victor V. Hugo is now with H. L. Jamieson & Co., Inc., Russ Bldg.

Anthracite Industry on the Mend

By EDWARD G. FOX*
President, Philadelphia and Reading Coal & Iron Co.

Decrying current pessimism regarding the anthracite industry, head of leading anthracite concern looks for a pretty good market in 1954-1955. Says price war and maladjustments of last two years is reaching an end and, among favorable factors, he includes smaller dealer inventories, small supply in storage by producers, and reduction in number of producers.

I am well aware that the mourners' bench is pretty well crowded this season. In that respect, the anthracite industry reminds me of the rumored death of Mark Twain. You will recall his wry comment that the report of his death was greatly exaggerated. So it is with anthracite. It is premature to mourn an industry that delivers fuel with a value to the consumer each year of approximately $300 million. In fact, it is fantastic to anticipate the demise of an industry whose reserves of fuel are the envy of every gas and oil company in the country. No, this great industry is going to go on for generations selling millions of tons of coal for hundreds of millions of dollars every year. That is my honest conviction. More importantly, it is the conviction of authorities much more astute than I am. As for the Philadelphia and Reading, I am equally certain that it is going to continue to produce a goodly proportion of that anthracite this year, next year and for years to come.


Edward G. Fox

All of you here have a substantial stake in the anthracite industry. A measure of this stake is the fact that in 1953 you accounted for the distribution of some 7½ million tons of anthracite for which your friends and neighbors in New York State paid approximately $80 million. A market of that size is worthwhile fighting for. It is worthwhile preserving. And, I not only think it can be preserved, but expanded. Moreover, we are more than willing to help you expand it.

It can be done. However, you and I know that it won't be done by the defeatists—those apostles of doom with faint hearts who have no real faith in the future of anthracite. Nor will it be done by those tired souls who sit around and complain that people don't call up and give them orders. They are the kind of dealer who argues that he can't compete with other fuels, because he won't. He's licked before he starts. He probably does not have an Automatic Anthracite Unit on hand when a customer demands one. He's the fellow who croaks "I told you so" over every unfavorable development in the industry.

And those apostles who choose to leave anthracite will look back in years to come and wonder how they could possibly have been so shortsighted.

The acceptance of this invitation offered an opportunity to discuss with you the present industry problems, and I wish to make it very clear now that what I say are only my personal opinions.

Anthracite Industry Difficulties

It is true that the industry is beset with difficulties that are deep-seated and wide in scope. I do not claim—and I am sure no one would have the temerity to claim—a solution to these many problems. But there are solutions. Of that I am confident. And they will be found and made workable by constant effort, ingenuity and research, by day-to-day application of sound business principles, and by cooperative meetings such as this on both the retail and producer levels.

A first step in the solution of any problem is a good understanding of it. In fact, I think that if everyone in the industry had a clear insight into the various problems that plague it, many of these problems would automatically resolve themselves. Certainly such an understanding then, at the very least, would put the industry and its future in the proper perspective.

Any understanding of what has been happening in the industry this year and last, is helped by a knowledge of the recent history of anthracite. You all recall the wartime boom in anthracite production when every available producing unit was pressed into full-time service. The reaction in the industry to more normal market conditions began to get underway in 1952, and continued through 1953. We all know what happened. With the adjustment in the market, producers began to store sizes not in great demand, so that production could be continued on those sizes which continued short in the market. As a result, stocks of storage coal, principally the chestnut, pea and No. 1 buckwheat sizes, mounted.

During this period, too, the industry was plagued by the rise of a group of producers, formerly known as bootleggers, who produced without giving consideration to quality, and with a short-range viewpoint, dumped on the market a sizeable tonnage of low-grade sub-standard coal which amounted in the heating season of 1952 and 1953 to as much as 10% of the anthracite market. It is only recently that effective steps were taken to curb this flow of sub-standard coal into the market. I think all of you are familiar with the story of those corrective measures. They provide another and very recent illustration of what the anthracite industry can do when it closes ranks, and makes a united effort to solve a serious problem.

Meanwhile, throughout 1953, the storage of large tonnages of coal at the expense of cash in the anthracite industry continued. At the same time, the flow of sub-standard coal acted as a depressing influence on price. This combination of factors last year led some producers to believe they could unload their stocks of coal, recover cash, overcome the competition of sub-standard coal, and obtain a greater proportion of the anthracite market by reducing their prices below the prices of other producers. Such action was taken in the mistaken belief that other operators would not move to meet this price competition.

A Price War

You know what happened. A price war was touched off that in 1953 alone cost the industry not less than $20 million.

Meanwhile, a number of responsible elements within the industry sought ways and means of ending this price war. In this connection, revision was made early this year of the voluntary "Production Control Program" supervised by the Department of Commerce of the Commonwealth of Pennsylvania in cooperation with member producers and the United Mine Workers of America.

As many of you are aware, this Program had its origin in 1940, when cooperating producers accepted production percentage positions in relation to their historic positions in the industry. In the 1954 revision, those positions were adjusted to the many changes in productive capacity of the various producers that have occurred through the years, and particularly during World War II, when production was unrestricted.

As a result of this revision in April of this year, in which the major producers cooperated, it was reasonably anticipated that the industry would move toward stabilization. As you know, such has not been the case. Instead, some producers chose to disregard their allocated production quotas under the revised Production Control Program and overproduced not only in excess of their quota, but of the market demand.

In Wake of Failure of Production Control

All of you know what the failure of the Production Control Program has meant. Its failure in the wake of almost a year and a half of price warfare was followed by chaotic marketing conditions. Now, what does all this mean? It means actually that the anthracite industry for some two years now, has been undergoing adjustments from the booming production of World War II and the Korean War to more normal markets: keeping in mind that these normal markets are very substantial.

This adjustment could have followed a cooperative and orderly pattern. The fact of the matter is that it did not. Instead suicidal competition became the order of the day, and I use the term "suicidal" deliberately.

What you have been witnessing in the anthracite industry for these past two years in an attempted struggle for greater than properly allocated tonnage. It is regrettable, and no one regrets it more than I that an orderly readjustment couldn't have been made in the industry. For as you well know, adjustments such as have been going on in anthracite have many casualities, and frequently the casualties are among the non-combatants. Such is the case in the anthracite region today, where many have been deprived, perhaps permanently, of their regular means of livelihood.

I am from the anthracite region. It was and is my home. And I tell you in all sincerity that no one deplores more than I the unfortunate circumstances that for the time being at least have wrought such economic havoc there.

Is Stability Coming?

By definition, readjustment means to bring once again to a satisfactory situation. The anthracite industry's production and price structure is approaching such a condition. There are many signs that the most bitter phase of the struggle for survival that was touched off two years ago is about ended.

Some recent figures support the observation that dealers' stocks have been progressively less during the past three years, and also the decline is larger than the decline in sales. Sales of egg, stove and chestnut sizes in the United States declined 18.5% between 1952-1953 and 1953-1954, but the average dealer inventories dropped 23.1%. In the case of pea size, sales were off only 3.3%, but retailers' stocks were down 10.1%. Dealers' inventories of buckwheat and rice declined slightly less than sales, with the result that the over-all decline in sales of 15.3% was exceeded by the inventory decline of 18.7%. These unequal inventory declines, in turn, resulted in producers having been obliged to carry undue proportions of the total supplies upon which consumers relied for their requirements.

Meanwhile, we know that many producers—for months past—have been dumping this so-called "undue proportions" of supplies to obtain cash. At the same time, this dumping has been attended by a reduction in the number of producing companies. As I said earlier, many have closed down—at least temporarily — while a number of others are permanently out of the business.

Now add up all these factors of small inventories of dealers, reduced supplies in storage by producers, and the shortened list of anthracite producers. With all of these in mind, what would a normal winter do for the anthracite market? And even without very favorable weather I can see a pretty good market ahead for the 1954-1955 year. In other words, gentlemen, this violent price readjustment is just about reaching its end. And with its finish in sight, isn't it about time that we take off our coats and roll up our sleeves and show the world there's a lot of bounce as well as burn in anthracite?

Other Industries Have Faced Readjustment

Problems similar to those of the anthracite have been faced by other industries and have been overcome. You will recall in the late '20's there was a wholesale exodus from the cigar industry because many felt that from that time on no one would smoke anything but cigarettes. Many cigar manufacturers remained in the business to benefit in the large profits through the following years.

Those piano manufacturers who did not lose faith when radio became popular, continued with renewed energy and are today enjoying a very prosperous market.

Let's get it down to a more practical level. It is true that the present tonnage of some sizes in storage may give you a feeling of security on the question of supply for the months ahead. But bear in mind that the full range of sizes is not now in storage, and this may result in a scarcity of the sizes most in demand this coming winter.

Having coal of all sizes in bins and ready for the winter demand, no matter how great, is just a matter of plain good business judgment. Today there is no excuse for slow delivery either by producer or by retailer. A full supply of coal on hand in all sizes permits undelayed delivery.

The Retail Anthracite Dealer

Being mindful of the steps taken and now underway to co-

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*An address by Mr. Fox at the New York State Fuel Merchants Association's Convention, Lake Placid, N. Y., Sept. 25, 1954.

Commercial and Mutual Savings Banks Complement Each Other

By AUGUST IHLEFELD*
President, Savings Banks Trust Co., New York City

Mr. Ihlefeld briefly traces the historical development of commercial and mutual savings banks. Points out both perform a different and specialized financial service. Says each compete only in trying to serve the public better, and both have much to gain in establishing closer inter-relations. Cites ways in which savings banks complement services of commercial banks, and lists the common objectives shared by each type of institution.

Economic progress is not possible without strong financial institutions that are able and willing to serve the financial needs of business, individuals, and government.

August Ihlefeld

America has been fortunate in that the rapid economic growth of our country has been paralleled by the evolution of specialized financial institutions that have in general met the growing demand for these services promptly and efficiently.

Financial institutions — indeed, all business institutions—originate and evolve in response to the needs of society. Specialized useful service to the public is the sole justification for their existence. In this service to the public, banking institutions are mutually interdependent. Only at the peril of the institutions and to the cost of the public can these basic economic principles of maximum public service and mutual interdependence be disregarded.

Historical Developments

Commercial banks were first founded in the eighteenth century in this country. They have provided and safeguarded the liquid funds of the community. They have evolved a marvelously convenient system of payments by check. They have made available, at modest cost, trust, foreign exchange and other highly specialized services that have contributed much to our economic progress and well-being.

Mutual savings banks arrived after commercial banks but when the country was still young. They were established in response to definite needs which were not being met by the commercial banks of those days. They were developed to provide a different necessary service—to receive and invest safely at a good rate of return the personal savings of our people.

In the same way, life insurance companies, trust companies, savings and loan associations and, more recently, investment trusts have evolved — to provide other essential financial services as the need for them arose.

All of these financial institutions have enjoyed spectacular growth and development because each renders specialized services that the public requires and continuously utilizes. In finance, as in all business enterprise, the consumer is king. If the service offered is not wanted, or is inefficiently or uneconomically rendered, the institution atrophies.

Competitors or Partners?

The several types of financial institutions, specialized though they are, compete with each other, as well as among themselves.

This competition to serve the public better is desirable and healthy. Such rivalry assures constant improvement in the services rendered, to adapt them to the ever-changing requirements of our dynamic economy. In fact, competition is so necessary to a dynamic economy that it is not only fostered by the government, it is actually required by our anti-trust laws.

It is inevitable that competition will at times produce irritation and differences of opinion among competitors in private enterprise. Banking is no exception. In the heat of rivalry, those who manage particular types of financial institutions may even forget that they complement and supplement each other. They may overlook the fact that they are partners far more than they are competitors in serving the public. This holds true particularly of the roles of savings and commercial banks.

I am convinced that both of these great classes of banks have much to gain in their relations with each other, with the public they serve, and with government, from a clear recognition at all times of the extent to which their interests coincide.

We can all have a better understanding of this community of interest between savings and commercial banking by reviewing how the existence of each type of bank is beneficial to the well-being of the other.

Liquidity and Thrift

Among the manifold services to the national economy performed by our financial system, two stand out as being of transcendent importance. These are to furnish liquidity and to facilitate capital formation.

Commercial banks specialize in the first service: liquidity. They hold the demand deposits of the country, the chief reservoir of liquidity for government, business and individuals. They make short-term loans to provide additional liquidity to borrowers that need them, and so expand the nation's money supply as required by industry and government. They make possible the ready transfer of liquid funds through checks to effect payments, and provide currency and coin at all times for payrolls and other current needs.

Savings banks specialize in capital formation, which consists of the two steps of saving and the investment of the sums saved in long-term assets that yield an attractive rate of return with safety. Modern economic life would not be possible without saving, which is the withholding of a part of income from current consumption for future use. Equally, it is essential that such savings, once accumulated and mobilized, shall be made readily available to government, business and individuals that require long-term capital.

It is essential to the well-being of every country that these two functions of providing liquidity and facilitating capital formation shall be performed efficiently and safely by its financial institutions. When the two functions ar exercised exclusively by the same institutions, the results have often been unhappy. The commercial banking difficulties of the 1930's in this country, and serious banking troubles in continental European countries at that time (as in Germany and Italy, for instance), arose in considerable measure from the acquisition of excessive amounts of non-liquid assets. On the other hand, the excellent record of British and Canadian banks at the time reflected the separation of functions in those countries.

Generally speaking, only through what is tantamount to a partnership between commercial banks and savings banks is it possible to have both functions properly performed without impairment of the efficiency and soundness of each of these two types of institutions. At the same time, through limited partiticipation by commercial banks in the function of attracting savings for capital formation, healthy competition between the two groups of institutions is assured.

This partnership in service and performance is what we have happily achieved in our country.

Safeguarding Commercial Bank Liquidity

Perhaps the greatest single contribution that mutual savings banks make to the well-being of our commercial banking system is in helping to safeguard the essential liquidity of that system.

Holding $128 billion of demand deposits, commercial banks require a very high degree of liquidity. Serious difficulties were encountered by commercial banks in the past where their portfolios included an excessive proportion

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*An address by Mr. Ihlefeld before the Annual Meeting of Group V, the Savings Bank Association of the State of New York, Brooklyn, N. Y., Sept. 28, 1954.

From Washington Ahead of the News

By CARLISLE BARGERON

The basis for the charges against Senator McCarthy brought by fellow Senators Morse, Flanders and Fulbright, is that his conduct tended to bring the august Senate into ill repute. Manifestly that should not be permitted. There are all too many forces moving in this world today to tear down the legislative branch of our government as the bulwark of our liberties. I have seen "strong" Presidents try to do it, not purposely to destroy the bulwark of our liberties but in the sincere conviction, come by through the spell of righteousness and omniscience which White House occupancy gave them, that they knew best what the people should have.

Carlisle Bargeron

I have also seen the Senate and the House fight back but not often enough in my humble opinion.

However, if the Senate really felt that it was being brought into disrepute by the conduct of one of its members it obviously behooved that body to do somehting about it.

This it did when it created a special committee of six judicial minded Senators to look into the conduct of the Wisconsin Senator. I am convinced the Senate did this, though, under duress, under the force of agitation and not because it really thought its collective face had been burned.

Be that as it may, the Senate is now in a fix for sure. The committee of grave, serious miened and serious minded Senators, sticking closely to judicial procedure in that way in which only learned members of the bar can do it, has come forward with its verdict.

The verdict on one of the two counts against Terrible Joe is that he brought the Senate into disrepute three years ago and the Senate is just now finding out about it. Thus the Senate is to preserve its reputation, the brunt of editorial and cartoonists' jibes, of being the most deliberate body in the world.

Since Terrible Joe brought the Senate into disrepute three years ago by scorning a committee of hatchet men that had been created to get him—at the behest of a multimillionaire adventurer into Lefist politics with whom this country has been cursed—he has been reelected to the Senate by the people of Wisconsin, made Chairman of the Senate Committee on Government Operations of which he was only a minority committeeman at the time the other committee tried to get him three years ago, and voted funds by the Senate, with only one member voting nay, to carry on his work.

The committee which Joe thumbed his nose at three years ago was obviously political and was brought about as the result of charges by Senator Benton of Connecticut, who made his millions out of the advertising business and then seeking more outlet for his boundless energy, embraced the Leftist political cause. McCarthy had been his nemesis in his fantastic operation of the Voice of America. So Benton was dedicated to get Joe out of public life.

This investigation with which McCarthy refused to "cooperate" and for which he is now at this late date being "indicted" by a committee of his fellow Senators, was so nauseating that two members of the original five members of the committee resigned and a third went away to Europe. Senator Hayden of Arizona, then Chairman of the Senate Rules Committee, had to name himself to the committee so that it could function and he thereafter took little part in the proceedings.

At the time I considered McCarthy would have been a fool to walk into this committee's clutches. He was within his rights, I think, to stand on his own dignity. They were not elders of the Senate or leaders who were asking him to appear and explain such things as his personal finances.

The Senate and the Government, at the time, were controlled by the Democrats. McCarthy was one of their most vigorous and effective opponents. Why he should give a judicial role to this group, when it was nothing but an opposing political group, is something I didn't understand at the time and I don't understand now.

With the Republican victory in 1952, it was assumed this Democratic effort to get McCarthy had collapsed. There is still an argument in the Senate as to whether this committee's report on McCarthy has ever been "filed" or "received" by the Senate. Senator Jenner, Chairman of the Senate Rules Committee under the Republican Administration, insists he has never seen it and it is to his committee that the report should have come.

But at this late date, an evenly balanced committee, of Republicans and Democrats, has found that McCarthy brought the Senate into disrepute when he flouted that Democratic committee back in 1951. The reasoning is that regardless of how that committee was inspired or how it was set up, it was an arm of the august Senate as a whole and McCarthy as a member of the club should not have ignored it. Three Republican members join in this verdict along with three Democrats. And it is my opinion that after searching through the 46 often reckless and irresponsible charges made against Joe, this was one they considered to be outside the pale of the club.

The fact, though, that it has taken the club this long to get onto this serious offense on the part of one of its members is likely to bring more disrepute than anything McCarthy has done.

Banking Trends in India

By S. N. K. SUNDARAM*

Managing Director, Pandyan Bank Ltd., Madurai, South India

Indian banker describes the changes in the banking system in India since that country achieved its independence. Gives data regarding the various categories of banking facilities in India and explains the organization and functions of the Reserve Bank of India. States, as conclusion, the banking system of India is now on a firm and sure foundation and is vested with responsibilities of not only increasing its resources, but also to make an effective use of them.

I should introduce myself as the head of one of the medium sized banks of my country. It is called **Pandyan Bank Limited** with its head office in **Madurai** which is the second largest city in the Madras State in South India. It has at present 23 branches with the main object of carrying banking service to rural areas.

S. N. K. Sundaram

As you are aware the country attained its independence in 1947 and with it a partition. I must confess that we are now passing through a stage of transition and naturally our statistical reporting on various subjects is either delayed or somewhat approximate. You will, therefore, excuse me if I am not able to provide you with latest statistical information on certain points that I have touched in the course of this speech.

I would be failing in my duty as a citizen of India if I did not acknowledge with gratitude the timely assistance your country has been extending to mine under its foreign aid program. I sincerely hope that it will maintain its friendship and kindly attitude for all time to come towards this peace-loving, God-fearing nation.

The present population of Partitioned India is about **300 million.** It is a land of villages. The wealth and well being of the country has to be sought and sustained in the villages. The village economy is mainly dependent on agriculture. Literacy is at a low ebb in the villages. Nevertheless, the villager is a shrewd man, able and willing to take opportunities to his best advantage. The economy of the country is basically very sound. It has large, and a variety of, natural resources, the exploitation of which are well taken in hand by the government and the people. The average intelligence of the Indian is high. He has a peculiar tendency to save and allow the savings to be idle in the conclaves of his home in the form of gold ornaments on the plea of provision for a rainy day. The government is now exciting the interest of the people to bring out the idle money into circulation for building up the economy for better living. Banks are doing their bit in this direction by creating confidence in the mind of the people to put the savings into circulation for the progress of the community.

The banking system in India has undergone considerable change since the days of independence. In this context, I would like to present to you some facts on the banking facilities and system of working in my country.

Banking facilities are now available from a variety of institutions some of which are not probably "banks" in the normal usage of the term, but at the same time, play an important role in the economy of the country by way of collecting the savings of the people and placing the same at their service. I would place the system of banking facilities available in India in the following categories:

(1) Treasuries and Sub-treasuries of Government;

(2) Post Office Savings Banks run by the Postal Department of Government;

(3) Cooperative Banks and Societies run under the control of Government; and

(4) Banks interesting themselves mainly in trade and commerce.

Commercial banks in India can be classified under distinct and separate heads as:

(1) Imperial Bank of India brought in by a Statute of Government and acting as Agents to Reserve Bank of India;

(2) Exchange Banks which finance mainly the import and export trade of the country;

(3) Scheduled Banks;

(4) Non-Scheduled Banks; and

(5) Private Bankers constituting the community of Multanis, Marvaries, Nagarathars, etc.

The Imperial Bank of India was formed by the amalgamation of the three Presidency Banks of Madras, Bombay and Calcutta in 1921. Till 1935, it was acting as a Bank to Government. When the Reserve Bank of India was inaugurated, it became the Agent to the Reserve Bank of India at all places where Reserve Bank of India had not established its offices. It is vested with special responsibilities which necessitated certain restrictions on its business particularly in respect of loans and advances.

Until the recent partition of the United India, it had 443 offices. After the partition, the total number of its offices in Indian Union stood at 367.

Imperial Bank of India handles also Treasury business of Government apart from its other normal commercial activities.

Fifteen Exchange Banks are functioning in India at present. The parent offices for these banks are established outside India. They mainly interest themselves in foreign exchange business of financing foreign trade. They have 65 offices in India most of them situated in coastal areas and in larger cities.

Scheduled Banks are those which are included in the Second Schedule to the Reserve Bank of India Act and have a paid-up capital and reserves of an aggregate value of not less than 500,000 rupees and incorporated under the Indian Companies Act. According to the provisions of Reserve Bank of India Act, every Scheduled Bank has to keep deposited with the Reserve Bank of India 5% of its Demand Liabilities, and 2% of its Time Liabilities without interest. It has also to satisfy the Reserve Bank of India that "its affairs are not being conducted in a manner detrimental to the interests of its depositors."

Including Imperial Bank of India and Exchange Banks, there are now 89 Scheduled Banks in India with a total number of 2,711 offices. There has been a phenomenal growth during and after the Second World War. It is evidenced by the fact that in 1938, there were only 32 Scheduled Banks with 677 offices, and while this was the position in an undivided India, the latest position available disclosed that there are 89 Scheduled Banks in India alone with a total number of 2,711 offices. As for the Non-Scheduled Banks, there are now 447 of them in India with 1,344 offices.

No reliable statistics are available with regard to indigenous bankers who are also playing an important role in financing internal trade, particularly in rural areas and agriculture. But their activities should be considered generally on the decline now, because of the stringent provisions of legislation for the regulation of moneylenders, and debt reliefs and affecting land tenures passed by the several States in India.

It has also been found difficult to bring these indigenous bankers under the control of Reserve Bank of India because they are involved in nonbanking business and they could not possibly separate their banking business from their other business. Probably either one was a corollary to the other or each responsible to the other.

In this connection it would be appropriate for me to trace the origin and growth of the Central Banking Organization of Government, viz., Reserve Bank of India.

Reserve Bank of India was originally started as a mere Currency Office. The need for making it an independent unit for serving and safeguarding the credit structure of the country was recognized after the First World War and then the question whether it should take the shape of a State Bank or a Shareholders' Bank became a matter of controversy in the third decade of the century. The lack of identity of interest between the then government and the governed was one of the crucial points to be resolved. Controversy raged over the rupee ratio with sterling.

The public, therefore, was anxious to have a Shareholders' Bank where the government of the day would not exercise a dominant influence in the working of the Institution. It will be noticed that in the first Reserve Bank of India Act, the directors of the Central Board should not be directly concerned either in politics or hold any particular interest in other banks. Provision was also made that neither a member of the Legislature nor a director of a commercial bank could serve on the Central Board.

The Reserve Bank of India was finally integrated in April, 1935 and was charged with the responsibility of serving and safeguarding the credit structure of the country. It took over the administration of the currency and the public debt departments of Government of India, keeping the Imperial Bank of India as its agency for Treasury operations. It also opened an agricultural credit department to study the needs and requirements of the countryside. Before it could develop any suitable mechanism on control of credit institutions the Second World War came in and therefore, it had to hold up the introduction of a separate Banking Companies Act necessary and desirable for the effective functioning of Joint Stock Companies operating with the savings of the community. In the banking sector proper, it proceeded to discharge its responsibility in an entirely cautious and conservative manner.

During the war again, there was a large expansion of currency which in the postwar period brought problems of exchange control and speculative activities which had serious repercussions and inflationary trends in the cost of living.

With the achievement of independence of the country, the identity of interest between the Government and the governed was no longer in doubt. But for psychological reasons, the shareholders' bank of Reserve Bank of India was converted into a State Bank. The constructive phase of Reserve Bank of India thereafter started and new departments were added for the collection of statistics, research studies, sample surveys, balance of payments and so on.

For the redemption of agriculture, the Land Mortgage Banks and the cooperative system were remodeled and reconditioned with special credit facilities made available to them. To ensure uniform standards of working, special institutions for the training of suitable personnel in the cooperative sector were also introduced.

As for the commercial sector, it was recognized that institutions of various types and descriptions were operating in the service of the community. Their needs and requirements called for a special survey and treatment without disturbance to the existing economy. In the deal, the initial problem was one of providing trained personnel. It is now proposed to start a training college for the purpose with experts in the line recruited under the Colombo Plan.

For the purpose of industrial finances, the Industrial Finance Corporation has now been working for the past few years, capital being drawn from Reserve Bank of India, the commercial banks and the insurance companies. The operating funds are provided by issue of bonds on the guarantee of Government of India.

Its limitations for providing finance for new enterprises have come to be recognized. Therefore, two industrial development corporations are sponsored, one by Government of India and the other by the private sector.

The extent to which the existing commercial banks can render further help for the development and growth of industrial institutions has been an important subject matter of a survey and enquiry by the recent Shroff Committee. This committee was appointed by Reserve Bank of India to examine and report how increased finance, particularly bank finance, could be made available to the private sector which has been assigned an important role by the Planning Commission for the implementation of the National Plan. Mr. A. D. Shroff, Director of the famous Tata Sons Ltd., was the Chairman of the Committee. It has made very valuable recommendations which are under the active consideration of Reserve Bank of India now.

Apart from improving remittance facilities from station to station and widening the scope of rediscount facilities recently initiated by Reserve Bank of India under Bill Marketing Scheme, two major issues came to be canvassed, one for the creation of Central Bankers' Pool to finance industry without the intrusion of personal predilections, and the other relating to a revolutionary scheme of deposit insurance. So far as the first is concerned, a committee has already been constituted by Government to study and report

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*An address by Mr. Sundaram at the Vermont-New Hampshire School of Banking, Dartmouth College, Hanover, N. H., Sept. 10, 1954.

The Expanded Operations Of the World Bank

By EUGENE R. BLACK*
President, International Bank for Reconstruction and Development

Mr. Black notes past fiscal year marked Bank's most active period in both borrowing and lending operations; with substantial loans going into private hands. Expresses satisfaction over Institution's increasing access to capital markets outside U. S. Warns of serious dangers inherent in overexpansion of government-financed suppliers' credits, and the furthering of international dissension via competitive trade and credit subsidies.

In its eighth full year of operations, the International Bank has continued to be a growing institution. The statistics in which we customarily summarize our activities are still moving along upward curves. I should like to mention the figures quickly:


Eugene R. Black

Our Annual Report shows more loans — 26 — and a greater amount of lending — the equivalent of some $324 million—than in any other fiscal year. Since the end of the fiscal year, we have maintained that pace and a little better, with $90 million more of lending. Our gross total of loan commitments, since the beginning of operations, now amounts to more than $2 billion.

Disbursements on loans, at $302 million in the past fiscal year, moved faster than at any time since the exceptional requirements of the reconstruction loans of 1947. Disbursements repayable in currencies other than United States dollars, equivalent to $82 million, were markedly higher than in any preceding year.

It was the Bank's most active year of borrowing. In the 12 months since the last Governors' Meeting, we have sold eight issues of bonds in various currencies amounting to nearly $300 million.

Important Survey Missions

The Bank has continued, at the request of member countries, to give advice on forward steps in development—particularly on the formulation of development programs and on the mobilization of local capital. Three general survey missions were organized during the year to draw up program recommendations; one to Nigeria, headed by Mr. Broches, a senior member of the Bank's staff; one to Malaya and Singapore, for which we were fortunate enough to have the services of Sir Louis Chick as Chief of Mission; and one to Syria, under the distinguished leadership of our good friend, a former Governor of the Bank, Dr. Pieter Lieftinck. The report of the mission to Nigeria was made available earlier this week, in Lagos and Washington; the other reports are nearing completion.

Two features of the Bank's operations during the year seem to me to be particularly significant and encouraging. The Bank was established among other things, to mobilize capital on an international basis, and to do it in close cooperation with private capital. We have done both with increasing success.

Most of our lending during the year was based on funds raised in the private market. This, of course, was not new: the Bank's bonds for some time have served as one of the chief means whereby private loan capital is deployed internationally.

Loans to Private Borrowers

What was new, however, was the scale on which the Bank was able to put portions of its loans into private hands. We lent, as I have mentioned, $324 million during the year. At the same time, we had sales from portfolio and direct participations by private investors in new loans amounting to more than $34 million.

One striking fact about these transactions was that in nearly 80% of them, the other investors assumed the risk, without any guarantee by the Bank. A second striking fact was that participations—all without Bank guarantee — were enlisted in five of our seven most recent loans. I think that it is safe to say that private participations, rare in preceding years, will become a continuous and growing part of the Bank's operations from now on.

A still more conspicuous development during the year was the increasing internationalization of the Bank's financial resources. The operations of the Bank, in the beginning, were inevitably based on dollars drawn from the United States capital subscription and from the capital market in the United States. From this base — which is still, and for some time must continue to be, our most important base—we took important forward steps in 1951, when we sold our first public offering of non-dollar bonds, in the United Kingdom, and in 1952, when the whole of the original Canadian dollar subscription to our capital became available for lending.

At our Annual Meeting in 1953, I was able to report that the European members of the Bank were releasing their currencies to us in encouraging amounts. Now I can report a like development in the Bank's access to capital markets outside the United States.

Of the eight bond issues I mentioned a moment ago, three were sold for United States dollars; but investors outside the United States took up nearly half the amount offered—more than $100 million of the total of $225 million. Our most recent issue, a $50-million placement of five-year 2½% bonds concluded earlier this week, was a United States dollar issue sold entirely outside the United States. Subscriptions amounting to approximately $78 million were received for these bonds and allocations made to investors in 23 different countries. Bonds of this issue traded yesterday in New York at 101, a full point over the issue price. Five other offerings, during the 12 months, were sold for currencies other than United States dollars: one for Canadian dollars, two for Swiss francs, one for sterling and one for Netherlands guilders, our first in that currency.

Of all Bank bonds sold in the last 12 months, investors outside the United States have bought three-fifths.

And of every $1 million which the Bank has had available for lending since the beginning of its operations, $400,000 has now originated outside the United States.

Improvement in Production, Trade, and Exchange

These important developments in the operations of the Bank are symptomatic of the improvement in world production and trade during the last five years, especially in Europe. With some regrettable exceptions, financial stability has largely been achieved. The debilitating effects of inflation, both on the balance of payments and in distorting patterns of production, have largely been eliminated. The complex and uneconomic system of bilateral payments agreements and of barter arrangements is being dismembered. The dollar problem, if not finally solved, seems to be coming under control.

The Netherlands is an outstanding example of the extent of the improvement in the economic position of our European members. The Bank's second largest loan was granted to the Netherlands in 1947 to aid in reconstruction. Since then the Dutch position has so improved that the government has been able to agree to the release of 100 million guilders from the Dutch subscription to our capital as well as to the flotation by the Bank of a 40 million guilder bond issue in the Dutch capital markets. Recently the Netherlands Government has also made prepayments on the 1947 loan amounting to $52½ million.

I would like also to call your attention to the case of Austria. After the end of the war, Austria was beset by difficulties, not of her own making, which were discouraging to any foreign investor. In 1949 she needed almost $200 million in foreign aid to cover her external deficit: but today she has achieved equilibrium in her balance of payments. In July the Bank made its first loan to Austria and this loan, incidentally, is another illustration of how the improvement in Europe's economic position has affected the Bank's operations. It will be disbursed entirely in European currencies, largely in Italian lire, Dutch guilders and Swiss francs and it is the seventh of the Bank's loans to be disbursed entirely in currencies other than dollars.

These are examples of encouraging progress. Especially during the past two years, our European members have more and more resumed their role of exporters of capital to the world. They are once again able to produce and finance their share of the capital equipment needed to hasten the development of other countries. The Bank welcomes this greater availability of credit and, to the extent that private capital cannot directly meet the needs, we expect to play our full part in promoting this increased flow of capital into the channels where it will do the most good.

The Bank itself has large amounts of member currencies which so far have been wholly or partly inconvertible and therefore of limited use. Let me repeat what I have said so often, that I consider the liberal release of these currencies to be of extreme importance. I want to add now that I believe that the time has come when the conditions attached to the Bank's use of these currencies should be reviewed and relaxed to the greatest extent possible. The Bank, as well as the Fund, has a vital interest in all evidence of progress toward convertibility because it is at the same time the promise of further expansion of long-term investment in development.

Some of the currencies we need will come, I hope, from the greater availability, without restriction, of the capital subscriptions of member countries. We will also go on raising capital by issues of our obligations.

There is still another way in which we may utilize these capital resources. It is entirely natural that, in a world in which financial equilibrium has been disturbed for a long time, the confidence of investors returns only gradually and that capital is lent at short term. We offer a vehicle for capital of this kind in the form of loan participations and sales of our borrowers' securities from our portfolio; and, as I mentioned some moments ago, these activities are increasing. If private funds are still hesitant about undertaking long-term commitments, loan participations can be arranged with such funds taking short- and medium-term maturities while the Bank itself takes the long maturities.

Development of Buyer's Market

We must, at this stage of the world's recovery, I think, remember the consequence of what happened in the 1920's and, bearing that example in mind, we must realize that the growth of credit brings its own problems. As the availability of capital and capital equipment has risen, we have passed from a seller's to a buyer's market and a competitive race is developing among suppliers. This takes the form not only of competition in terms of price, quality and delivery date but also competition in the offer of medium-term suppliers' credits. The Bank does not know—nor, I think, does anyone know—the exact volume of credits of this kind now outstanding. But, as one positive measure toward meeting the situation, I plan to explore the possibility of establishing an information service which would centralize all available data on the total volume of suppliers' credits outstanding.

Suppliers' credits, I need hardly say, are an appropriate type of international financing when applied to the proper transactions. But they can be misused and overused and there is some disturbing evidence that this is happening — too much credit given, under the pressure of competition, sometimes on inappropriate terms and for the wrong purposes.

The situation, in my view, is becoming serious. The danger is that bad credit will drive out good, and tend to bring international investment back into disrepute—this at a time when the world is still negotiating adjustments of debts incurred during that earlier period of excessive borrowing, over-eager lending and misinvestment to which I referred just now.

Suppliers' credits can serve a useful purpose in financing the normal, short-term flow of imports or in financing investment projects which can pay their way within the term for which the credit is given. But, although the availability of these credits may seem to present an opportunity to speed the rate of development, there is a risk that the use of short-term finance may be pressed beyond these limits. When this happens the result is likely to be unfortunate.

Balance of Payments Difficulties

Nor can the balance of payments aspects of these transactions be overlooked. Experience teaches us that it is imprudent to count on a steady flow of capital year after year. Reliance on suppliers' credits, indeed, in general means reliance on something particularly volatile. The importing country may run into payments difficulties that check further investment from outside. The exporting countries themselves may experience payments difficulties that force them to insist on cash payment. Or a boom in the world or home market may make it possible to sell for cash and reduce the need to extend credit. There is the risk, in other words, that the borrower may have raised his rate of investment only to find that he must later make, perhaps, a drastic cutback and that what was looked forward to as a period of sustained economic advance may end as a period of stagnation or, even, of retrogression.

The manner in which suppliers' credits are offered, moreover, sometimes results in projects being undertaken which are far from the highest priority in developmental needs. The exporting country wishes to boost its exports and therefore offers credits for financing a project using its equipment. The manufacturing supplier of equipment naturally welcomes any opportunity to increase his sales and he can certainly not be blamed if he takes advantage of whatever credit facilities may be made available. And the importing country may feel that the credit, being available, should be accepted even if not for the most useful of purposes nor on the best of terms and even if, as often happens, under these arrangements a higher price for the goods must be paid. This is contrary to the interests of the importing country and may result in slower rather than faster development.

Long-term capital funds represent, in general, the most appropriate method of financing development projects requiring heavy capital equipment, from the point of view both of the nature of the projects themselves and of the impact on the borrowing country's balance of payments. But any potential long-term investor—and not only the International Bank — must take into account the total external debt burden of the borrowing country. So an excessive use of short- or medium-term credit must diminish a country's access to long-term capital funds. In short, the indiscriminate use of credit of this kind may increase the costs of development, may interrupt the continuity of effort, may upset the balance of investment, and may make the goals of investment harder, and not easier, to reach.

Dangers for Exporting Countries

The increase in competition in suppliers' credits also has its dangers for the exporting countries. Suppliers' credit are usually financed only in minor part by the suppliers themselves. Most of the industrial nations—and I include not only European countries but the United States, Canada and Japan—now have one or both types of official institutions to give financial aid to exports. One type finances the export of capital goods; the other, without suppying capital, underwrites the risk. Thus suppliers' credits are usually made largely at the ultimate risk of the government of the exporting country.

I would like to make clear, of course, that I am not talking primarily about the flow of private investment capital. If the supplier were venturing more of his own capital, he would necessarily have to be more concerned with the financial soundness of the investment and with the creditworthiness of the country. But the result of the supplier's relative freedom from risk is that he is constantly entreating his own government to grant more liberal credit facilities. In each of the exporting countries governments hear the complaint that other governments are more liberal. So a race is developing, a race in which none of the competitors can win because the faster each goes, the faster all the others go.

Indeed, we are approaching a situation about which a warning was sounded 10 years ago at Bretton Woods. The spokesman of one of the delegations there pointed to the danger, saying that, in a time of pressure for exports, "countries would embark on bilateral credit arrangements no doubt linked with deals relating to the purchase and sale of goods; and as soon as certain countries began to adopt this course others

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*An address by Mr. Black to the Board of Governors of the International Bank for Reconstruction and Development, Washington, D. C., Sept. 25, 1954.

The Outlook for Uranium Mining

By JESSE C. JOHNSON*
Director, Division of Raw Materials
U. S. Atomic Energy Commission

Staff official of the Atomic Energy Commission traces rapid development of uranium mining during the last decade under the drive to build up uranium production. Says heavy military requirements and prospective use of atomic energy for electricity production may require new sources of uranium. Presents survey of uranium ore prospects at home and abroad, and points out expenditures for exploration, production and construction in connection with uranium mining now aggregate more than $100 million annually. Cites prospects of expanding markets for uranium.

I have been asked to speak on the outlook for uranium mining—an industry which really began only six years ago. Before the war uranium was mined primarily as a source of radium, and the world's requirement for radium was supplied easily by partial operation of the rich Shinkolobwe mine in the Belgian Congo. However, the Eldorado mine on the shore of Great Bear Lake in Arctic Canada with its rich pitchblende ore, shared the market following its discovery in 1930.


Jesse C. Johnson.

During the period when the atomic bomb was being developed, the closest secrecy surrounded all uranium activities and, unlike other strategic metals, uranium was not the object of a general search. All explorations were conducted quietly by a small staff. Even these undercover investigations had practically ceased by 1947 when the Commission became responsible for the atomic energy program.

Before the end of 1947 prospects for a leisurely development of a peacetime atomic energy program had faded. The attempt in 1946 to establish international control over the manufacture of atomic weapons had failed. Communist Russia's postwar policy of aggression was becoming clearly evident. Russia was pouring slave labor into the uranium mines of Czechoslovakia and East Germany and was working feverishly on atomic plants far behind the Iron Curtain.

Although we still had a monopoly on the atomic bomb, it was not for long—the time was shorter than estimated by most experts. Atomic weapons suddenly had become a dominant factor in our military strength and aggressive action was called for to hold our lead.

Drive to Increase Uranium Production

The drive to build up uranium production began early in 1948 when we had billion-dollar wartime plants to produce fissionable material but an inadequate supply of the basic raw material—uranium.

A survey by the newly formed Atomic Energy Commission indicated that lack of uranium might be the bottleneck, both in meeting essential military requirements and in the future development of nuclear power for industrial use.

Large increases in military requirements followed in rapid succession after the disclosure that Russia had succeeded in making the A-bomb, the development of our H-bomb, the outbreak of the Korean War, and the steady deterioration of world peace. In 1952 Congress authorized approximately $4 billion for construction of additional facilities to produce fissionable material. This major expansion followed previous expansions which at the time also appeared to be major.

The uranium to feed these plants had to come from new sources. It was necessary to find and bring into production new mines and to develop processes for recovering uranium from low grade sources, such as the South African gold ores and domestic phosphates. Increased production was needed immediately and what normally are long-range developments became short-term projects.

In 1947 practically all of our uranium came from two relatively small mines — one in Arctic Canada and the other in central Belgian Congo. The Congo was the most important and with all the developments which since have taken place throughout the world, it continues to be a leading source of supply. Mine and mill facilities there have been greatly expanded. The Congo's uranium contribution, first to the war program, and now to the defense program, has been and continues to be, most important to the preservation of the Free World.

Canada's Eldorado mine on Great Bear Lake had but limited possibilities for expansion except for retreatment of tailings from earlier operations. However, the Canadian Government undertook aggressive exploration and established incentives for private development. These programs have paid off. The Government-owned Eldorado Mining and Refining Company developed an important uranium deposit on Lake Athabaska where a new mill began production early in 1953.

Private industry is actively exploring in the same area with a number of deposits under development. Only recently the Gunnar Mines obtained $19,500,000 from private bankers to finance mine development and mill construction. This will be one of the largest uranium operations in North America.

The Blind River area, about 90 miles west of Sudbury, Ontario, promises to be another major uranium source. Extensive uranium deposits are being found in old conglomerate beds. These deposits are somewhat similar geologically to the South African gold-bearing reefs. Plans already are well advanced for one or two operations in the 1,000-ton-a-day class.

Just as Canada and the United States worked closely on the wartime atomic bomb project, they have cooperated fully in expanding uranium production.

In the development and purchase of uranium from overseas sources the United States and the United Kingdom have been partners. These purchases are made through the Combined Development Agency, a joint buying agency set up early in World War II by President Roosevelt and Winston Churchill.

South Africa will be one of the world's largest uranium producers. Its gold mines contain large uranium reserves and undoubtedly there are many reefs yet to be developed. Even known reserves assure production for 30 years or more. Here the problem was not one of discovery, but rather of sampling to determine the uranium content of the many mines of the Transvaal and Orange Free State, which annually produce approximately 60 million tons of gold ore.

New Recovery Process Developed

A process had to be developed to recover economically the small quantity of uranium in the tailings from the cyanide mills. The decision to undertake uranium production was made in December, 1950. The first of 15 large uranium recovery plants went into production in October, 1952. The total cost of these plants upon completion of the program will exceed $150,000,000. The construction record has been outstanding considering the size of the plants and the dependence upon overseas sources for structural steel and equipment.

Australia was added to the list of uranium producing countries this month with the start of the Rum Jungle mill, near Darwin. The Port Pirie plant in South Australia is expected to begin treating ore from the Radium Hill mine early in 1955. These two operations are government-controlled but private prospecting is now active. Many uranium occurrences are being found in widely separated areas and Australia promises to become an important producer.

Portugal has been producing uranium for several years and its production undoubtedly could be expanded. France is obtaining uranium for its atomic energy program from pitchblende veins near Limoges. Uranium has also been found in other European countries outside the Iron Curtain.

South America is virtually unprospected for uranium although several occurrences are known. Elsewhere throughout the world there are vast areas which have not been examined except possibly for brief reconnaissance surveys.

Domestic Uranium Sources

In the review of uranium sources, I have left our domestic operations until the last. They are the most important from the standpoint of national interest. They are of greatest interest to this audience. Their development has been the most spectacular. In six years, starting with nothing but uncertain prospects, the United States has become one of the world's leading uranium producers. We shall be competing for first place and part of the time be in first place. Russia, of course, is an unknown. However, there is little chance that Russian production is equal to that of the Free World, or even to that of the Free World's leading producer.

Our principal hope for domestic production was from the Colorado Plateau. The Colorado carnotite deposits were first mined for uranium around the turn of the century. After the discovery of the rich Congo deposits in 1918, vanadium became the sole interest and uranium went into the tailings. Even during the War when uranium was secretly recovered from mill tailings, the mines were allowed to close when vanadium production no longer was required.

At the beginning of 1948, there was practically no uranium mining or prospecting. Known ore reserves were limited. Ore deposits were scattered and small, usually a few hundred to a few thousand tons, and in the entire history of the area, only two or three had been found which contained 100,000 tons or more.

Today probably more people are looking for uranium in the United States than for all other metallic minerals combined. Many discoveries are being made. There are now a dozen or more 100,000-ton ore bodies, as compared with the two or three found in the previous 50 years. We also have some million-ton deposits.

Exploration and production have extended far beyond the original Colorado Plateau area with important developments now taking place in South Dakota and Wyoming. Exploration is also active in California and Nevada. Ore production has been doubling every 18 months and even greater expansion is just ahead. New mills are being built and old mills are being expanded.

Because of the market provided under the Commission's program, ore begins to move to a buying station almost as soon as a deposit is found, and long before development has determined the reserves. This has made it difficult to plan and provide milling facilities to keep pace.

A $100 Million A Year Industry

It is impossible to measure the dollar value of all the prospecting and exploration activities but when this is added to the expenditures for production and construction, we have in the United States at least a 100 million dollar a year uranium industry.

However, to maintain high production there must be a high discovery rate. Even though some relatively large ore deposits have been found, they will be mined out in a few years. For example, if prospecting and exploration were to stop today, by 1962 we would be back where we were in 1947. There would remain practically no developed ore reserves and probably few known deposits awaiting development. Again there would have to be the slow process of finding and developing new deposits before production could be brought back to present levels.

To maintain continuing production from Colorado-type deposits, there must be an assured government or commercial market. As long as it is solely, or even largely, a government market, the government's commitments must be guaranteed for a considerable period. That period should be long enough to cover at least several years for exploration and five years for production. For the type of exploratory and mining operations now taking place, a guaranteed uranium market of seven or more years is desirable.

The results of the domestic uranium program further confirm the view of the mining industry that the way to develop mineral production is to provide a market with adequate profit incentives and let private industry go to work.

Market for Uranium

This brings us to the market for uranium. The present demand is entirely for defense. The long-term market depends upon the

Continued on page 40

*A paper prepared by Mr. Johnson for delivery before the American Mining Congress, San Francisco, Calif., Sept. 22, 1954.

Railroad Securities

Pennsylvania Railroad

Although speculative railroad stocks in general have continued in the doldrums there have been a few exceptions where public interest has been generated by specific developments (such as Katy which was discussed last week) or by rumors. Prominent among the latter has been Pennsylvania which previously had been among the most sluggish issues. One rumor has been that the road might divest itself of some of its miscellaneous holdings of stocks by distributing them to stockholders as a dividend. This rumor has been branded as ridiculous by analysts and by all students of the company's affairs. In its present status it is inconceivable that Pennsylvania would dispose of any earnings assets in a manner that would show it no financial return. Another rumor has been that a proxy fight for control of the road may develop. While there is no evidence of any important support for such a move, speculative interests are ever mindful of the success that crowned the efforts of opposition parties in three efforts to unseat incumbent managements this year.

While these rumors have stimulated considerable speculative interest in the shares, it is felt by most analysts that the current operating performance of the road and its prospects do not justify any enthusiasm for the stock. While some improvement in the operating efficiency is expected to result from the road's present yard improvement program, it is felt that the road has many serious problems that are inherent in the territory served and the type of business conducted. It has a heavy passenger business which imposes a serious drain on the profits from the freight business. Distances between large traffic centers are short so that the company gets a substantial amount of short haul freight business which is relatively expensive to handle. Finally, it has exceptionally extensive terminal operations on which costs have risen particularly sharply in the postwar years and where it is more difficult to achieve compensating economies than it is in the road haul end of the business.

Despite extensive, although somewhat belated, dieselization and hundreds of millions of dollars spent on property improvements in recent years, Pennsylvania's earnings performance since the end of World War II has been quite disappointing. For the eight years 1946 through 1953 per share earnings on the stock have averaged only $1.75 annually. The poorest year in that interval was 1946 when a deficit was sustained and the best performance was in 1950 when $2.92 was reported. Last year the earnings amounted to $2.81 a share which was exactly the same as had been realized in the preceding year. On a consolidated system basis, which the company now reports annually, the showing is somewhat better but even at that the 1953 earnings amounted to only $3.39 a share.

Being quite sensitive to the level of heavy goods output, and particularly to steel mill activity, Pennsylvania has suffered substantially from the business readjustment of the past 12 or 13 months. Gross revenues for the seven months through July were off 19.1% from a year earlier. Maintenance outlays have been cut back very sharply and tax accruals have been substantially lower. However, the transportation ratio of 45.3% was more than four points higher than in the like 1953 interim and the company sustained a net loss of close to $4 million. For the first seven months of 1953 it had had a profit of more than $22 million. With some pickup in business, future year-to-year comparisons should be less unfavorable but even at that it is doubtful if 1954 results will run above $1 to $1.25 a share. Presumably the long unbroken dividend record will remain intact with a payment later this year but it is expected that the distribution will amount to little more than a token payment.

Pearson, Murphy With John R. Boland Co.

Announcement is made that William O. Pearson has been elected Vice-President of John R. Boland & Co., Inc., 30 Broad St.,

Wm. O. Pearson C. O'B. Murphy III

New York City. Mr. Pearson was for many years with the Equitable Trust Company, National City Bank, E. F. Hutton and Merrill Lynch, Pierce, Fenner & Beane.

Charles O'Brien Murphy III is in charge of the Trading Department. He was formerly with J. B. Boucher & Co., Blair F. Claybaugh and Merrill Lynch, Pierce, Fenner & Beane, and is a member of the Security Traders Association of New York.

Kenneth G. Colby With J. H. Goddard & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Kenneth G. Colby has become associated with J. H. Goddard & Co., Inc., 85 Devonshire Street, members of the Boston Stock Exchange. Mr. Colby was formerly manager of the bond department for Lamant & Co. Prior thereto he was with Shields & Company and F. L. Putnam & Co.

Kenneth S. May Is With F. S. Moseley

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Kenneth S. May is with F. S. Moseley & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges. Mr. May in the past was with Whiting, Weeks & Stubbs and was an officer of Arthur Perry & Co., Inc.

Lundborg Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — George R. Liddle IV has been added to the staff of Irving Lundborg & Co., 310 Sansome Street, members of the New York and San Francisco Stock Exchanges. He was previously with Dean Witter & Co.

Continued from page 11

Anthracite Industry on the Mend

rect the past conditions which existed in the production of anthracite—and bearing in mind the inventories of various sizes now on hand in both producers' and retailers' yards—it is proper at this point to consider the steps which should be taken by the anthracite retail dealer. Obviously the first decision to be made by the retail dealer is whether or not he is going to continue to retail a profitable tonnage of anthracite. There can be no middle course to follow.

For those who foresee the future of this great fuel, there are certain very definite steps to be taken to successfully continue. I assume those present here this morning have made that decision; otherwise there would be no interest in attending. What other indications besides attendance at industry gatherings are there which mark a dealer as a progressive anthracite merchant? One very definite indication is whether or not he has enough faith in the future to make a small investment in the Public Relations Program. This program, which has brought together the producer and retailer on common ground, has done more to further their common interests than any other step taken in the history of anthracite. One cannot be serious about his hard coal future without participation in this program.

Next, is that dealer interested in selling anthracite in its most attractive domestic application—automatic stokers? An anthracite merchant cannot offer to his customers the full advantage of hard coal without including automatic burning and the service which must necessarily attend such sales. With the generous assistance plans offered today by the major anthracite producers on various types of automatic equipment, a far-sighted dealer cannot be without this offering to his customers.

There is little for me to say about retail merchandising methods to men who know more about retailing than I will ever know. Advertising of the product and the dealer's good name consistently, not in fits and starts, using the various media available today, pays off. Good housekeeping of yard and equipment is the mark of a good retailer. Clothes do not make the man, but clothes represent 90% of the man to the public and he is appraised accordingly. A well-painted, clean truck on the move is the cheapest advertising you can get.

These and other phases of retailing are necessary to the success of an anthracite yard, but the one which is most essential to the coal trade is the selection of a good supplier. The producer with a farsighted viewpoint who will have faith in both your and his future will most certainly be one who by his actions indicates that he will produce hard coal of high quality for years to come.

The proper supplier is the producer who, with his dealers, will jointly enter into an advertising program which will be both national and local in scope. He should advertise in suitable trade journals and local papers, and join with dealers in direct advertising campaigns, radio and television. This producer should be one who will assist the dealer in carrying on an extensive automatic stoker campaign, assist financially in these sales, and assist in keeping this equipment serviced at all hours with sufficient inventory of parts to minimize shutdown time.

To retail dealers having a strong sense of security for the future, the producer selected should be one who has not failed to meet all of his duly contracted obligations. The producer who deliberately refuses to meet payments when due, avoids legal responsibilities, and ignores his debts will be the same producer who is "living out" his existence in the coal business. He will offer you nothing but today's sale of coal at a price below his costs—this, possible only because his obligations are something to avoid. An employer who will find ways of depriving his employees of their just rights under a written contract will find ways and means of treating his best customers with the same lack of conscience.

The strength of a producer is in his customers — weak customers indicate weak producers; and it is likewise true—the strength of a retail dealer is in the selection of the producer of his coal.

To assure a profitable merchandising program in ANTHRACITE — TODAY AND TOMORROW, make your choice of producer on the basis of his willingness to work with you—whether it be in advertising, automatic stoker aid, budget-planned financing, and quality of product —and on the integrity with which he conducts his own business.

Continued from page 7

This Is Not the Time For Convertibility!

fruit of the more flexible and practical rules of procedures introduced during recent years.

The so-called Rooth Plan for short-term drawings, stand-by credits, revised scale of charges, have played their part. I should like to congratulate Mr. Rooth and the Executive Directors on the sensible and practical approach which they are adopting towards their problems.

We welcome especially the evidence that the Fund is ready to make use of the waiver in regard to the amount of drawings in any one year in order to deal with special situations. The Fund is certainly getting useful experience in the use of these more flexible rules of procedure. So far they have only been used for isolated crises; that is, to help individual countries to deal with particular balance of payments problems. They have been used mainly to minimize retreats into restriction.

But, the changing economic conditions are bringing nearer the time when the Fund will have an opportunity of playing a constructive role in the concerted forward movement.

And so we hope that the Fund will continue to improve and adapt its attitudes, its procedures and its rules to meet the new situation, and to assist the members in the transition to the kind of world-wide trade and payments system envisaged by the founders.

I want to follow this up by making one practical suggestion. Article XIV of the Fund, which permits a fairly facile use of restrictions to deal with balance of payments difficulties, was intended as a temporary provision to deal with the dificulties of the postwar situation. There may well be danger, in continuing for too long a transitional provision of this kind. It is important that the international rules and regulations correspond with the realities of current conditions.

There are still, as I have said, special factors which contribute to our present equilibrium. But the obstacles which remain are not so formidable as those which have been overcome.

And so without wishing to prejudice the outcome one way or the other, I suggest that the Executive Directors should be asked to study during the next several months the conditions for and the possibility of a move from the transitional provisions of the Fund to the more permanent arrangements.

Such a study would, of course, have to be considered in conjunction with whatever changes are proposed in the GATT as a result of the forthcoming review of that body.

These, are then my contributions, in short, to the discussion which we are holding.

You, sir, from the Chair, gave an impression that there was hesitancy and that we were shivering on the brink. I was thinking of a well-known quotation from my remote ancestor, Samuel Butler, who, you remember, said this: "He who fights and runs away, lives to fight another day." I absolutely repudiate the advice of Samuel Butler. If we fight, we fight to win, and we intend to remain in control of the battlefield with all the prizes that come to the victor.

And if you will pause for a moment, I will resume my thought as follows.

Imagination, Constructive Work, and Prudence

Whatever sector we examine, there is clearly need for imaginative, constructive work and consolidation of results already achieved. This is the case in Europe, with all its complexities at the present time. It is the case in the sterling area with its vast, huge resources, and its major world currency. It is the case in the progress towards greater liberalization of trade, in which we want to see a greater advance on the part of certain countries. It is certainly so in our discussions, which are making good progress, in the provision of credit, and it is certainly so, in the need for the Fund to develop its activities in the way I have mentioned.

It is therefore, the part of statesmanship to proceed with prudence and yet with assiduity. All great movements in the history of the world conceived as they may have been and as this has been, in the human intellect, must work themselves out in the hard school of practical experience. Even the Rolls Royce engine has to be tested for thousands of miles on the bench.

We must be inspired, too, by social considerations. We must not ignore the ebb and flow of political tides or the waywardness and fallibility of human nature. We must respond to the fundamental needs of man, national and international security, stable employment and living conditions, and, above all, we must recognize that the free world lives and breathes, strives and triumphs, only in the fresh air and clean winds of initiative and opportunity, and we must live in such a world if the spirit of man is to expand.

Three With Daniel Reeves

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Laurence Clark, David R. Hopkins III and Charles G. Merrill, have become affiliated with Daniel Reeves & Co., 398 South Beverly Drive, members of the New York and Los Angeles Stock Exchanges. Mr. Hopkins was previously with Calin-Seley & Co. Mr. Merrill was with H. Hentz & Co.

The Prospects for Convertibility

By HON. W. RANDOLPH BURGESS*
Under Secretary of the Treasury for Monetary Affairs

Dr. Burgess declares convertibility is a realizable objective, in whose furtherance International Monetary Fund should play an effective role. Calling for dismantling of discriminatory restrictions, he maintains best hope of even the underdeveloped areas lies in world trading system based on freedom of payments. Citing large available resources of Fund, Dr. Burgess contends any nation seeking assistance must come with a positive constructive program. Hails world's expanding production and curtailment of postwar inflation surge.

The Annual Report [of International Monetary Fund] which we are discussing today has for its central theme "The Prospects for Convertibility." The Report is a cogent analysis of those developments in world trade and payments which give reason to believe that convertibility is a realizable objective. It poses for us the task of assuring that the Fund is fully prepared to play an effective role in facilitating action by its members. Quite properly the Report does not attempt to forecast the nature and timing of the steps which may be taken by individual countries or groups of countries.


W. R. Burgess

When it does come, convertibility will foster a firmer financial foundation for the balanced growth of international trade. It will help provide an environment in which capital may move more freely across international boundaries into genuine long-term investment.

To accomplish this purpose, currency convertibility must be accompanied by a dismantling of discriminatory restrictions on trade and by elimination of the use of quantitative restrictions for balance of payments purposes except in special circumstances.

Would Help Both Political and Economic Unity

In a community of free nations which is less divided by quotas and exchange controls and bilateral dealings, we may expect the freer movement of goods and capital not only to strengthen the economies of free nations individually but also to bind them more closely together—to contribute to our political and economic unity as well as our economic strength.

In pursuing these objectives, all countries have major responsibilities. This includes countries whose currencies are presently convertible as well as those which have yet to move to convertibility.

With respect to the foreign economic policy of the United States, the President has most recently stated:

"The events of every day bear in heavily upon us the imperative necessity of building stronger economic relations between ourselves and the free world. This is true, first, because the growth of our own economy and the attainment of rising standards of living for our people can materialize only in step with economic growth and improvement in the economies of the free world linked to ours. It is more emphatically true because it is in our enlightened self-interest to have economically strong friends throughout the world. The prudent widening and deepening of the channels of trade and investment by us will not only produce good results in themselves but will encourage similar action by our friends abroad. This is the route to better markets and better feeling."

Broad Participation Urged

Throughout our discussions of convertibility we should all keep in mind the importance of having the broadest possible participation in a major move to convertibility. This is not simply a question of the success of such a move or its general beneficial effects for the free-world community as a whole. It also involves the direct advantages which will accrue to each country. These advantages are just as great for the smaller or underdeveloped countries as they are for the major trading countries.

There has been some tendency to believe that sound currencies and convertibility are luxuries which can be afforded only by advanced countries of major importance in world trade. This doctrine has its roots in a notion that economic development can and should be carried out by deficit financing, offsetting the effects of any excess of monetary demand on the balance of payments by exchange controls and quantitative restrictions on trade. The postwar history of investment and development programs in country after country — and not least in some of the relatively advanced European countries — has demonstrated the inflationary dangers of this approach. Such a policy discourages real savings and drives capital either into domestic speculative channels, such as real estate, or into hiding abroad. It makes foreign capital shun the area.

The best hope of the underdeveloped areas over the longer term lies in the development of a world trading system based upon freedom of payments and a minimum of quantitative restrictions on trade. Only in such an evironment can we expect capital to move in large quantity across national boundaries.

Now it may be useful to turn briefly to some of the specific problems on which decisions will be required in determining the Fund's role in support of a broad move to convertibility. First, how can the Fund's resources be put to most effective use in support of convertibility?

Liberal Fund Resources Available

We are most fortunate that the resources of the Fund have been safeguarded during the postwar period so they are now available to support the objectives for which they were established. The resources of the Fund are not limitless, but they do provide a major source of secondary reserves which can add to confidence and assist member countries in meeting temporary swings in the balance of payments. No reserve fund, no matter how large, can substitute for sound monetary, exchange and trade policies. The primary function of the resources of the Fund in support of convertibility will be to assure the public that resources are available to offset those speculative movements of funds and those temporary adverse shifts in trade which arise from time to time.

It would be inappropriate here to attempt to spell out in detail the conditions which the Fund might wish to lay down as prerequisites for access to its resources. However, the suggestion of some general considerations may be helpful.

Borrowing Country Should Have Sound Program

It would seem clearly desirable that a country seeking assistance should come to the Fund with a program of the positive steps it proposes to take in moving to convertibility. Such a program would encompass its exchange rate policies, its policies for maintaining internal financial stability, and its plans for eliminating discrimination and reducing restrictions in its trade and payments arrangements. An effective program would also give assurance of maintaining the revolving character of the Fund's resources.

In some cases, it may be desirable for the Fund to extend specific lines of credit for definite periods through standby arrangements adapted to the needs of particular countries. However, some other countries moving to convertibility may not need such formal arrangements. They may simply desire to keep the Fund fully apprised of their programs, with the door open to request financial assistance should the need arise. It will be in the interest of all of us to preserve the mobility of the Fund's resources so that adequate funds may be committed quickly and effectively to meet genuine cases of need.

The Fund a Center for Review

With a broad move to convertibility, it will be more important than ever for the Fund to serve as an effective center for the continuous review of trends and problems arising in international payments. A system of multilateral trade and payments necessarily implies that action by one member of the community will affect the rest for good or ill. It is most desirable therefore that an opportunity be given for international consultation prior to decisions by members of the Fund which will have an important influence on international payments.

Another point we should be thinking about relates to Articles XIV and VIII of the Fund Agreement.

Article XIV was designed to assist member countries to meet the problems of postwar rehabilitation. It was envisaged that the obligations imposed by this Article would be superseded by those of Article VIII when substantial progress had been made in financial and economic reconstruction.

In substance, Article VIII provides that no member shall impose restrictions on current international payments except as may be approved by the Fund; also, that no country may engage in discriminatory currency arrangements or multiple currency practices except as approved. This article wisely lays down no criteria for determining under what conditions countries may impose restrictions. Within the broad limits of the Fund's purposes the Executive Directors are given full discretion to proceed as the circumstances indicate.

The Fund has been passing through a postwar "transition" period which we hope may be drawing to a close. The improved state of world economic affairs is an important and encouraging development. It reflects expanding production, and the overcoming of the postwar surge of inflation. It is a gratifying tribute to the convictions of the financial leaders assembled here who have worked so effectively in many of the member countries to achieve sound currencies, bring government budgets into balance, and reduce inflation.

For further progress in world payments and trade arrangements we must continue to rely mainly on the wisdom and courage of the financial leaders assembled here and on their influence within each member country.

*Statement by Dr. Burgess at the discussion of the Annual Report of the International Monetary Fund, Washington, D. C., Sept. 25, 1954.

Good Sense!

"There are some who contend that the development and distribution of hydro-electric power is exclusively the responsibility of the Federal Government. They argue that to permit any State or local government or any private company under governmental regulation to develop such power capacity is to give to a special group an asset belonging to all the nation. Indeed, in some instances, these disciples of centralized responsibility and authority insist that since the Federal Government should provide all hydro-electric power it should likewise eliminate competition by providing steam-electric power as well.


Pres. Eisenhower

"Only thus, these zealots would have us believe, can we poor citizens be protected against exploitation against what they call the 'predatory' exponents of capitalism—that is, free enterprise.

"Now, let's have a quick look at this matter.

"In the first place it is, of course, not difficult to be generous with someone else's money. So the individual who wants to build power dams only with Federal money is not directly or particularly concerned with the economic necessity of the project or with the suitability of its location. Secondly, these advocates of centralized government shut their eyes to the remarkable development of this nation during past decades. They must wonder how such prosperity came about when communities and citizens were free to look after themselves—including their own protection against the so-called local 'interests.'

"These believers in centralization fail to warn us that monopoly is always potentially dangerous to freedom—even when monopoly is exercised by government. Curiously enough, they proclaim their fear of a private power monopoly in a county, city or state, but urge upon us all a gigantic, overwhelming, nation-wide power monopoly."—President Dwight D. Eisenhower.

Yes, Mr. President, it is certainly time to call a halt.

THE MARKET . . . AND YOU

By WALLACE STREETE

Good quality stocks were acting as strong this week as they were just about a year ago when the list began the current uninterrupted recovery from the only major correction in the long postwar bull market.

* * *

Resumption of heavy institutional buying of top-quality motors, oils, aircrafts and chemicals sent shorts scurrying to cover with the result that prices soared as much as four to six points for some leaders in one session due to the currently thin markets.

* * *

GM Strongest

General Motors was the strongest acting pivotal, adding more than a half dozen points this week to its five point runup in the preceding period. Brokers point out many reasons for its advance — a possible year-end extra dividend, high earnings coming to an estimated $8.75 a share or around $2 a share better than in 1953, continued heavy defense orders, and the optimism of the president visiting abroad. Chrysler got into the swing a bit later, advancing sharply on the company's pledge to get more than its previous share of the total motor market next year.

* * *

Du Pont couldn't be left behind because of its huge investment in General Motors. Consequently it ran up as much as six points in one session. It was not the only strong spot among the chemicals; Monsanto and Vick found it easy to step right along.

By all logic the protracted advance in stocks that began a year ago should have "topped out" by now and a corrective reaction in progress. Technicians can point to many indications of such a development; yet demand for seasoned industrial stocks persists. To many only the railroad group shows indications of having pursued an orthodox readjustment.

* * *

Pension Fund Impact

There's the thought that with heavy investment demand bringing many leaders to new highs daily at this the tail end of the month, how can the process be reversed in the days just ahead? Large sums for the accounts of pension funds are continually flowing into securities, but this is especially evident in the action of good quality stocks the first week or ten days of each month.

* * *

Although a wide list of oils participated in the market upswing this past week or more, the action of three was outstanding. Standard Oil Co. of Indiana decided to pay off some of its "obligation" to the shareholders through a two-for-one split, a move which found the stock rising, sharply in anticipation and also in post-action movements. Indiana Standard in the postwar period had the lowest cash dividend payout among the top 25 money-makers which includes nine petroleum firms. It was only 28% and the decision to double its outstanding stock represented a move to capitalize at least part of the retained earnings of the past eight years.

* * *

Traders were scared off from what looked like a natural arbitrage between Standard Oil (N. J.) and Humble Oil SONJ let it be known that it was thinking of making an offer for some Humble stock to bring its 72% controlling interest up to 80%, the minimum percentage allowed under the new tax law for permitting the consolidation of Humble with SONJ for income tax purposes.

* * *

The terms were indicated as nine shares of treasury-held SONJ common for each 10 shares of Humble. Both Humble and SONJ had sharp runups late last week, but Humble never did quite reach the 90 "exchange value" figured on the basis of SONJ selling at 100.

* * *

The best level reached by Humble by midweek was 86⅝, while SONJ moved to around 101. Traders shied away from large-scale arbitraging in this situation because Jersey wants only a limited amount of stock, and the undisclosed final terms may contain a joker in that the Humble stock to be tendered, if the plan goes into effect, may have to be of a "vintage" record date; that is, a date considerably before the first inkling of the projected offering.

* * *

It may be because of better billing in the June 30 edition of "The Favorite Fifty" that the steel shares have again found favor in the market place. Bethlehem vied with U. S. Steel this week for attention with both of them strong, "Big Steel" moving into new high ground.

* * *

The aircraft, with Douglas, Bendix and Boeing in the lead, were in demand throughout the period, tacking on gains that ran to six points for four sessions. There's the belief around that some additional Air Force contracts are in the making.

* * *

Some Stiff Resistance

Some stocks, meanwhile, were meeting stiff resistance at present levels. General Electric is probably the most important among this group. It has been held to its narrowest trading range in many months, and Westinghouse has had to come along to take on leadership for the electrical equipment section.

* * *

Scott Paper—new made its bow this week. The two-for-one split issue proceeded to run up to approach the 50 mark. Therein lies a tale: The shares have been split six times since 1922—five-for-one in that year, 10-for-one in 1927; 1½-for-one in 1935; two-for-one in 1937; two-for-one in 1950 and again two-for-one this year. This means that for each pre-split share of 1922 there currently are 600 shares, and at $50 a share now there would be a $30,000 per share value on the 1922 certificates.

* * *

Mercantile issues came alive in the period. Sears matched in a few sessions this week the four point gain of last week. Federated Dept. Stores was another good gainer in this group. Montgomery Ward, however, lagged, and acted heavy ever since the secondary offering of 38,000 shares early in the week.

* * *

Textile mergers continued to make for stock market movements. Pacific Mills ran up a half dozen points on the basis of an exchange offer put forth by Burlington Mills.

* * *

Action in American Stock Exchange

On the American Stock Exchange Griesedieck Western Brewery moved into new high ground on news the company was selling its brewing assets to Carling Brewing Co. for approximately $10,000,000. The stock is around 18, and including cash and other assets not involved in this sale about $19.50 per share is expected to be available for shareholders. There was no immediate decision on whether the firm will liquidate or operate in another business after the sale, which comes up for stockholder vote Oct. 25.

* * *

Some storm warnings are ascribed to the way the market acted on Monday and Tuesday this week. Although the Dow-Jones industrials gained on both days to fresh highs since September, 1929, in both sessions there were considerably more declines posted than advances — 479 declines versus 450 advances Monday, and 541 declines versus 349 advances on Tuesday.

* * *

This is evidence that the market as a whole is not going along with the industrial average.

[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.]

Form Allied Underwriters

SALT LAKE CITY, Utah—Allied Underwriters Company has been formed with offices in the Newhouse Building to engage in a securities business. Partners are Theral R. Dickstader; Carl E. Z. Fischer; Jonathan M. Hammon, Rulon T. Jeffs; Russell L. Kunz, Wilford W. Steed, and A. A. Timpson.

Detroit Bond Club Elects New Officers

DETROIT, Mich.—Detroit's investment bankers have elected T. Norris Hitchman, Kenower, MacArthur & Co., as President of The

T. Norris Hitchman Victor P. Dhooge

H. Schollenberger

Bond Club of Detroit, for the year 1954-55, succeeding Robert D. Savage of Baxter, Williams & Co.

Victor P. Dhooge of Manley, Bennett & Co. was elected Vice-President and Herbert Schollenberger, Campbell, McCarty Co., Secretary-Treasurer.

Completing the Board of Directors are Charles C. Bechtel of Watling, Lerchen & Co., Cecil R. Cummings, First of Michigan Corp., and Milo O. Osborn of Paine, Webber, Jackson & Curtis.

Halsey, Stuart Group Offers Utility Bonds

An underwriting group headed by Halsey, Stuart & Co. Inc. on Sept. 29 offered $20,000,000 of Northern States Power Co. 3⅛% first mortgage bonds, due Oct. 1, 1984, at 102.261% and accrued interest. The bonds were awarded to the underwriters on their bid of 101.80%.

Proceeds from the sale of the bonds will be used in the construction program of the company and its subsidiaries for the balance of 1954 and early months of 1955.

The bonds will be redeemable for sinking fund purposes, beginning Dec. 1, 1955 at 102.22% and for other purposes at prices ranging from 105.27% to par.

Northern States Power Co. is an operating public utility and, with its subsidiaries, is engaged principally in the electric and gas business in Minnesota, Wisconsin, North Dakota and South Dakota. It serves Minneapolis with electricity and St. Paul with electricity and gas. Other principal cities in which the Company or its subsidiaries furnish one or more services include Fargo and Minot, North Dakota, Sioux Falls, South Dakota and La Crosse and Eau Claire in Wisconsin.

Now Andrew B. Knox Co.

FT. LAUDERDALE, Fla.—The firm name of Knox-Hinds and Company, 207 East Broward Boulevard, has been changed to Andrew B. Knox and Co.

Now Scott & Company

MONTGOMERY, Ala. — John Bradford Scott, Bell Building, is now doing business as Scott & Company.

Better Profits: Key to An Expanding Economy

By CHARLES M. WHITE*
President, Republic Steel Corporation

Asserting we must have better profits if we are to have higher standards of living, an expanding economy and a strong nation, prominent steel company executive points out no economy can exist on a diet of losses and no nation can grow great unless backed by a prosperous industry. Decries price-cutting to increase sales and warns entry into new fields by business concerns is beset by hazards and booby-traps. Urges more market research and cites research methods and selling practices of Republic Steel Corporation.

We must have better profits if we are to have higher standards of living, an expanding economy, and a strong nation.


C. M. White

Whoever heard of a company growing great, providing stable employment, and performing a service to the economy on a diet of losses? And whoever heard of a nation growing great unless it was backed by a prosperous industry?

In making this talk I feel that I can be most effective if I talk about our experience in Republic. This I am going to do with complete frankness.

Now I have a personal knowledge that still depresses me of what it means to operate at a loss. For the first five years of its existence Republic Steel Corporation operated in the red. We fought to stay alive. There were no expansions, no new jobs. Every penny we took in was used to keep afloat. Those years, gentlemen, were bitter years.

Doctors say that past events frequently mark us for the balance of our lives. Whether that is true or not, I have an abiding horror of loss operation that will stay with me as long as I live. To earn better profits through better selling sounds simple. All we do is pass the buck to the sales department. But it's not as easy as it sounds.

Better selling, my friends, is a great deal more than a better sales argument and ringing more door bells and a cut price—better selling has its roots deep down in the industrial structure. I don't care how good a salesman you may be, if the traffic department doesn't back you up with promised prompt delivery; if the purchasing department doesn't buy the best raw materials at the best possible prices; if the research department doesn't keep the product up to or ahead of competition; and finally, if the production department doesn't build quality in the product and fails to give the customer the kind of service to which he is entitled, then your improved sales arguments and your increased door bell ringing are not going to get you very far.

That is a long, complicated sentence and I could almost stop my talk right here, but I'm not going to.

Steel Industry Situation

As I have already said, I am going to talk about my company and my industry because I know most about them.

Until about a year ago, the steel industry had, for more than ten years, enjoyed a ready market for everything it could produce. Anything we made could be sold. Every emphasis was toward greater production. We strained to get out the last possible ton of steel and frequently operated for considerable periods at more than 100% of theoretical capacity. Our sales people racked their brains to invent new and less irritating ways of saying "No."

The abrupt change from a lush seller's market to one in which we find ourselves operating at only two-thirds of capacity has jolted all of us into entirely new channels of thought and necessitated a reinspection of our whole concept of management. Some almost-forgotten principles and practices by which we fought to survive during the terrible Thirties are being brought out and dusted off and given a new look.

I am not implying that we have a situation now or in the foreseeable future which is in any way comparable to the Thirties, but our productive capacities have increased so enormously in this country that even a moderate setback creates problems. On an index basis, using the 1947-49 capacity as a base, the steel industry has operated through August at 102.9% of capacity, scarceiy a depression situation. It appears that in sum total of all business, the year 1954 may well be the second best year in history. And yet, as I say, one-third of our steel facilities are idle.

Can the Product Be Sold?

This is a common situation, in some degree, in a great many businesses, particularly those engaged in the production of hard goods. So, in our company we are basing our current thinking on a concept which is not new. It has been out of use so long it seems new to the old-timers and actually **is new** to the many younger men who have advanced to positions of responsibility since we last faced competitive sales conditions. The concept is simply this: We can, within reason, find ways and means to produce anything—but can we sell it after it is produced? Can we demonstrate that a market either exists or can be created? And most important, can these products be sold at a profit?

Like most formulas this is too pat and too simple to stand without some qualification. Possible new products and new methods can generate enthusiasms which may be very costly unless tempered by careful study of markets before—not after—capital outlays are made for tools and machinery.

A recent survey reveals that 81% of all the new products developed by some two hundred companies failed to sell. Most of the failures were due first, to the absence of sound marketing information which should have been acquired in advance, and secondly, to the lack of a sound marketing program behind the product after its introduction. These mistakes were made by successful companies, remember, not by inexperienced newcomers.

Sometimes a market, though obviously large, is so completely and satisfactorily served by existing old-line manufacturers that a newcomer, no matter how potent in his own field, cannot crash it except at prohibitive cost.

We see occasional clever mechanical devices that are so intriguing that it comes as a shock to find, after market investigation, that they cannot be sold.

Production and Marketing Research

There is only one basic reason for assuming the grief that inevitably goes with designing, producing and marketing a new product, and that is to improve the company's profit position or to maintain it in the face of declining volume in regular product lines. In considering the many products brought to our attention we try first to get the answers to these three questions: (1) Can we make it? (2) Can we sell it? (3) Can we do so at a normal profit? If the answer to any of these three is negative, we have no further interest.

If the entry into new fields is beset by hazards and booby traps, it can nevertheless be very rewarding when properly researched and planned. It is almost imperative in these days of rapid change that any successful business must be alert to new or corollary lines with which to bolster and supplement its existing business. At the same time it must constantly be on the lookout for developments in other fields which may supplement its established markets.

In our own company we conduct product research along many lines. Basic steel-making processes change slowly, but refinements and improvements arise constantly. An observer of our industry wrote only a few years ago that President McKinley could visit a modern blast furnace plant without encountering anything to surprise him. That is no longer true. Republic's pioneering in top pressure blowing of blast furnaces is leading to widespread adoption of this method. This method reduced fuel consumption and so improves furnace efficiency that the average output is increased by 10% without any physical change in dimensions. Every ten furnaces so equipped add the equivalent of one new furnace to the country's capacity for basic pig iron. The cost is relatively small when compared with a new blast furnace today at thirty million dollars.

Such things as the top-charging of electric furnaces, a method in which the entire top of the furnace swings aside to permit recharging in a matter of minutes without loss of valuable heat, has greatly narrowed the cost differential between electric and conventional open-hearth steels. We do these and scores of other things as a matter of course to keep abreast or a little ahead of the times.

Military men have a truism to the effect that all wars are ultimately won by the side with the dominant supply of war metal. In two tremendously costly world conflicts within our lifetime our Mesabi ore deposits and the American steel industry represented the balance of power for ourselves and our allies. That is why we are now obliged to spend hundreds of millions of dollars to discover and develop new iron ore reserves in Minnesota, in Labrador, in Africa, in South America, and elsewhere. It is all being done, I may add, with private capital, much of it reinvested profits. Yes, without better profits to reinvest in new raw material sources, the position of the steel industry—and the nation—would be hazardous.

Wasteful as it is, war forces research of all kinds to proceed at a feverish pace regardless of cost. This is particularly true in metallurgy and here again new fields open before us. Titanium, today's wonder metal, is receiving concentrated attention. Republic is cooperating substantially in its development and recently acquired a large deposit of rich ore in Mexico. When we some day get the cost of titanium down to a level which will permit wide commercial use it may very well have serious impact on our markets for stainless steels. We would be shortsighted indeed if we stood aloof from such development for this reason.

Titanium illustrates another type of our product research—namely research in the whole field of basic metals.

Developments in Fuel and Power

While we do not have them for sale, we must keep abreast of new developments in fuels and power. We are enormous consumers of both. Commercial use of atomic energy promises rapid development; it may well result in some revolutionary changes in industrial processes. To take full advantage of such changes as they occur and incidentally to protect ourselves against painful surprises, we have employed a nationally known nuclear physicist who has been intimately associated with the application of atomic fission to industrial uses.

All this may seem pretty far afield from the subject of Better Profits Through Better Selling, but I cite these examples to illustrate the many considerations involved in keeping the products of a basic material industry up to date so that we can back up our better selling.

Then there is the matter of corollary products. As one of the largest producers of steel pipe, we were immediately interested several years ago when plastic pipe showed indications of becoming a standard article of commerce. We could have brushed it off as unimportant but, instead, we acquired a small plastic pipe company and the know-how that went with it. We find it complements steel pipe and, of utmost importance, our existing sales force can sell it and our regular distributing outlets can handle it.

One of our divisions is a large producer of steel building materials and particularly steel windows. The advances made by aluminum in the architectural and building field convinced us there was nothing temporary about its acceptance. As a consequence we are selling aluminum windows. This still shocks some of our conservative friends who believe it is not quite respectable for a steel company to promote a product not based on iron ore. It is perhaps noteworthy that our sales of steel windows in the meantime are just a shade below their all-time peak.

It is in these manufacturing lines that we come closer to the problems which confront the average fabricating business. To pull all the development work together—in raw materials, in processing, in metallurgical fields other than steel and iron, and in the hundreds of products of our fabricating divisions—we have a Vice-President in Charge of Research and Development. One of his activities is a New Products Committee on which sit key representatives from Sales, Operating, Treasury, Industrial Engineering and Legal. I attend all meetings myself.

Each of our fabricating divisions also has its own New Products Committee; this meets with the headquarters committee at regular intervals to explain in detail what that division has under development and what its possibilities are.

We also explore the merits and demerits of acquiring all sorts of businesses which are continually being brought to us. The only thing such businesses usually have in common with us is that they consume steel. Few of these proposals stand up under careful analysis. The occasional one that appears to have merit becomes the subject of a market study by our Commercial Research Division.

One of the most important considerations is whether or not the product can be marketed by one of our existing sales organizations, or whether it will require a separate organization of its own. Some products fit easily and naturally into an already established dis-

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*A talk by Mr. White at the 351st Meeting of the National Industrial Conference Board, New York, N. Y., Sept. 23, 1954.

The Federal Taxing Process and The New Tax Law

By WALTER W. HELLER*
Professor of Economics, School of Business Administration, University of Minnesota

Stressing importance of a clear understanding of the year-in-year-out process by which the Executive and Congress convert tax needs and tax ideas into law, Professor Heller traces the step-by-step progress of the Tax Revision Bill in Congress. Makes comparison of U. S. with the British-Canadian systems, and lists advantages claimed by the latter as well as proposed reforms in U. S. legislative system.

Introduction

No other year in U. S. history can match 1954 in the significance of tax legislation for private investment. Expiration of the $2 billion excess profits tax last January converted many a decrease in corporate profits, before tax, into increases after tax. At the same time, the 10% reduction in the individual income tax released $3 billion for private investment and consumption (offset in part by the $1.5 billion increase in social security payroll taxes). An added $1 billion was carved up by consumers and business in the form of reductions last April in various excise taxes. And last, but far from least, Congress has just passed the most toothsome "technical revision tax bill" ever to tickle the palates of hungry taxpayers. Together with innumerable technical changes and improvements, the 1,000 pages of the new tax law provide more special benefits and concessions for investment and business than any previous tax measure in history.


Dr. Walter W. Heller

Developments in Federal budgeting, while not nearly so spectacular as those in taxation, may have at least as great an effect on private investment in the long run. I refer here, not to the level of Federal spending, but to what might be called "budgetary spin-offs," spending items that have not been eliminated but have been sliced off of the tax-financed Federal budget. For example, in the past year, private bank financing of Commodity Credit Corporation loans removed $1 billion from the Federal budget. Private construction of power facilities for the Atomic Energy Commission and private development of the Snake River would shift hundreds of millions of dollars from tax financing to private loan financing. Much of the President's $50 billion highway development program would be financed by citizens as private investors rather than as Federal taxpayers if the President's suggestions are carried out.

In examining and perhaps savoring these direct and sharply focused fiscal stimulants to private investment, one should not lose sight of the continuing significance of government taxing and spending policies for the investment outlook. In the year-in-year-out planning of investment portfolios, it is imperative to keep in mind three basic facts about the fiscal operations of the Federal Government: (1) it dwarfs any other customer of business with its $70 billion of total annual spending, over $50 billion of it for goods and services; (2) it shares on virtually a 50-50 basis in corporate profits and losses, and strongly influences consumer markets for goods and services through income, payroll, and excise taxes; and (3) most important of all, it serves as an economic balance wheel for the economy, using its tremendous tax and spending powers to shore up the economy when it sags in depression and damp it down when it overflows in inflation.

At every turn, then, investment prospects and investment decisions will be strongly influenced by Uncle Sam's fiscal policies. To gain a better understanding of those policies, especially in the field of taxation, is the main purpose of the following discussion.

I

The Federal Taxing Process

Because of its compelling significance for investment decisions, the content of this year's tax legislation is the main order of business in our discussion of Federal taxation. But it is also important to gain a clear understanding of the year-in-year-out process by which the Executive and Congress convert tax needs and tax ideas into tax law. This year's legislation is particularly instructive on the tax legislative process, illustrating both the long and the short of it—the long of it in the huge tax revision bill which was in the Congressional works for over a year, the short of it in the excise tax reduction bill which was whisked through Congress in one month.

(A) **The Legislative Process, in General:** Traditionally, the legislative history of a tax bill starts with open hearings before the Ways and Means Committee of the House of Representatives. Often, preparatory work on the part of the Treasury and Congressional tax staffs has been going on for months before hearings begin. On major tax legislation, the hearings typically open with a statement of the Administration's tax proposals. The Ways and Means Committee then proceeds with public hearings, usually lasting several weeks, followed by several days to several weeks of executive sessions. It is in these closed sessions that the Committee hammers out the basic decisions in the form af a bill which it sends to the floor of the House. If the House accepts it, it is passed along to the Senate Finance Committee, whereupon the entire process is repeated in the Senate. The bill then "goes to conference," returns for House and Senate confirmation, and finally travels to the President's desk for signature or veto. Since each of the steps spawns headlines and speculations the average taxpayer may be pardoned for being a bit bewildered and weary before the process is over.

Par for this legislative course on major tax bills of the past dozen years has been from five to 10 months. That is, from the time the Administration's tax proposals are submitted to Congress until a tax bill reaches the White House for the President's signature — from portico to portico, one might say —five to 10 months elapse. Lest this suggest that Congress is incapable of speedy action on taxation, one should cite the "one month wonder" excise tax reduction bill in 1954; the quick response to the outbreak of war in Korea in June, 1950, in the form of income tax increases within two months and an excess profits tax within another three months; and the quick tax reduction after VJ-Day in 1945. (Even here, one should note that the speed of the 1950 income tax increase was made possible only by taking a tax reduction bill which had been wending its way slowly through Congress since February of that year and converting it in mid-stream into a tax increase bill in the summer of 1950.) The more typical pace of Congress in tax matters is illustrated by the revenue acts of 1941 (five months); 1942 (seven months); 1943 (five months); 1951 (ten months); and 1954 (13 months). It may be of interest to note in passing that major tax increases or decreases have been enacted in 10 of the past 15 years.

(B) **The Tax Revision Bill of 1954 in Congress:** The 1954 tax law signed by President Eisenhower early this month is in a class by itself, both in duration and procedure. In a sense, the genesis of the law can be traced to the Fall of 1952, when the Ways and Means Committee initiated a questionnaire survey covering thousands of taxpayers, tax practitioners, and representatives of various professional and trade groups. The more formal legislative process began on June 16, 1953, when Chairman Daniel A. Reed opened public hearings with the following statement (in part):

"This morning the Committee on Ways and Means will begin public hearings directed toward the revision and overhauling of the Internal Revenue Code. It is expected that these hearings will continue several weeks. Testimony will be confined to 40 topics adopted by the committee for consideration.

"It is the committee's plan to have legislation ready for consideration next January based in part on the suggestions that have been offered and that will be offered during these hearings.

"It is the hope of the committee that the culmination of this revision work will be an Internal Revenue Code that will found our tax laws on the basis of equitable impact of clearly defined tax liability."

The hearings, wth some gaps, ran for nearly two months. Five months later, in January, 1954, the Ways and Means Committee went directly into executive session without further hearings, thereby speeding up the entire legislative process. To detach the first step in the legislative process by holding public hearings months in advance of the legislative year in question was an unusual but very practical step. Chairman Reed rightly foresaw that weeks and weeks of open hearings at the beginning of the year according to the traditional pattern might condemn the tax revision bill to an untimely death in the rush to the political hustings in the summer of 1954.

The advance Committee hearings also fitted in well with the atmosphere of Executive-Congressional relations on tax matters —an atmosphere characterized both by greater initiative and leadership on the part of Congress and by greater Treasury-Congressional harmony in tax philosophy than there had been for many years. Congress has long been under pressure for many of the tax reliefs and concessions provided by the new tax law. But for the most part, it met an unsympathetic response from the Treasury under the Roosevelt and Truman Administration. Intent upon protecting the revenue in the face of high government expenditures and protecting the tax structure against encroachment by various special reliefs and subsidies, the Treasury steadily resisted Congressional pressure for liberalized tax laws. In fact, it designated a number of existing tax provisions as "loopholes" and repeatedly asked Congress to tighten, not liberalize, the tax laws relating to family partnerships and other income-splitting devices, capital gains, percentage depletion, and estate and gift taxes.

The Eisenhower Administration, being more sympathetically inclined toward "incentive taxation" and viewing "equity" in taxation in a different perspective, found itself much more in tune with Congress than the previous Administration. As a consequence, frictions were minimized in the course of the joint preparatory work of the Treasury and Congressional tax staffs. The five months' hiatus between the open hearings and the executive sessions of the Ways and Means Committee were used to good advantage in developing a program to which both Congress and the White House could subscribe. In the main, the 25-point tax reform program embodied in the President's budget message in January of this year appears to have been a product of that cooperative process. In the light of this background, it is small wonder that the "President's tax program" received such a favorable reception in Congress.

One may note in passing that the incorporation of a specific tax program within the framework of the budget message is also a new departure. In this case, it served to inject the Administration's proposals into the legislative process without a formal Presidential tax message or statement by the Secretary of the Treasury to the Ways and Means Committee.

When the Ways and Means Committee convened in executive sessions in mid-January, it was equipped not only with the President's proposals but with 2,916 pages of its June-August hearings, countless studies by the Treasury and Congressional tax staffs, and hundreds upon hundreds of taxpayers' suggestions. After two months of steady effort, the Committee sent the fruits of its labors to the floor of the House in the form of an 875-page bill rearranging the Internal Revenue Code, revising many sections of it, and providing and liberalizing the tax law at dozens upon dozens of points. It has often been said that tax reduction is the lubricant of tax revision and reform. The bill, as it left the Committee's hands, seemed to bear this out: according to Congressional staff estimates, it provided some $1.4 billion of tax benefits for taxpayers in the fiscal year 1955, rising to perhaps $3.5 or $4 billion in the peak year of its operation and receding later to around $2 billion a year.

Accompanying the bill as presented to the House of Representatives was a Committee report of 444 pages explaining and defending the bill. Submitted also was a minority report of 24 pages representing the views of the 10 Democratic members of the 25-man committee. While commending the technical aspects of revision of the tax law, the minority report attacked the "basic change in tax philosophy" represented by the bill, especially in its heavy concentration of tax benefits on business and the upper income groups. The minority report also criticized the Committee for giving only the fiscal year 1955 revenue loss of $1.4 billion, failing to mention the probable $3.5 to $4 billion loss of the bill when fully operative.

In line with customary procedure, the bill went to the floor of the House under the "gag rule." This allows only limited debate on the bill and requires that, except for specially designated provisions, the bill be voted on as a whole on a "take-it-or-leave-it" basis. After beating down a Democratic attempt to substitute an increase in personal exemptions for the dividend credit provided by the bill, the House passed the bill and sent it on to the Senate Finance Committee.

In the Senate, the legislative process ran truer to its traditional form. The Senate Finance Committee hearings opened on April 7 with a warm defense of the House bill by Treasury Secretary George Humphrey. Public hearings followed until they were closed off two weeks and 2,443 pages later.

It is probably worth pausing to note some of the characteristics of the public hearings, both in the House and in the Senate. Those who testify do so at their own request. With few exceptions, they are there to pursue some individual or group self-interest in the tax structure. For example, in the 1947 Ways and Means Committee hearings, representatives of 150 organized groups were heard —all but 12 represented clearly defined business, labor, agricultural, or professional interests. It is also characteristic of the hearings process that the interests of taxpayers as producers rather than as consumers are being pressed. Again, this is hardly surprising since the impact of taxes on producers is more sharply focused and identifiable than that on consumers. Particular producers or groups of producers therefore find it worth their time, trouble, and expense to pour out their tax woes to the Congressional committees.

The entire process takes place without kleig lights or television cameras, without the inhibiting fear of perjury indictments, and no expert counsel to cross-examine witnesses either directly or via the newer off-the-shoulder style. In the absence of cross-examination by staff experts, the process of "fearless sifting and winnowing" is left almost entirely to the committee members themselves on the basis of their own experience. Sorting out tax fact from tax fiction under these circumstances tends to be a hit-or-miss process.

After the Finance Committee hearings closed, two months again elapsed in executive session as the Senators strove to revise the revision. Toward the end of June, the bill emerged from the committee accompanied by a 600-page report, and was forwarded to the Senate floor. Needless to say, the Senate accepts no "gag rule," and lively debate and numerous amendments are the order of the day. Personal exemptions and the dividend credit were again the chief targets of controversy. In fact, the Senate all but knocked out the dividend credit. At the same time, personal exemption increases were voted down in a series of intricate political maneuvers during which 92 Senators actually voted for one form of exemption increase or another. In other words, 92 Senators can go back to their constituencies with a clear conscience saying that they voted for an exemption increase. Yet no increase found its way into the tax bill since the form preferred by the Republicans was defeated by the Democrats and vice versa. Such are the politics of taxation.

From the Senate, the bill went to the conference committee composed, as usual, of the several top-ranking members of both parties in the Senate Finance and House Ways and Means Committee. Here, compromises were made, the two versions of the bill were reconciled, and the single version was sent back to both Houses for confirmation. After approval of the conference report by both Houses —not without considerable opposition, especially in the Senate— the bill was sent to the White House by the end of July. The President signed it a few days later.

(C) **Comparison of U. S. and British-Canadian Systems:** In

*The first of two lectures by Dr. Heller at the School of Banking of the University of Wisconsin, sponsored by the Central States Conference of the American Bankers Association, Madison, Wis., Aug. 30-31, 1954. The second lecture will be given in a subsequent issue.

looking at our tax legislative process and its imperfections, students of government finance and the legislative process often look with envy on the Canadian and British cabinet system of government. In contrast with the separation of powers under our presidential system, the British-Canadian system fuses the legislative and executive branches by forming a government—that is, the prime minister and his cabinet—from among the majority membership of the parliament. Once formed, the government stands or falls on any of its major programs.

That the cabinet system is generally more tidy and speedier—all in all, more streamlined—than our presidential system is often asserted, and the taxing process is cited by way of illustration. In Canada, for example, the finance minister is responsible for presenting a tax program each year side by side with his expenditure program in a comprehensive budget message. (He can, of course, bring in emergency tax programs at any time.) His tax program presumably reflects his estimates of budgetary requirements, his appraisal of economic conditions, and his reading of the taxpayers' pulse and temperature. But once the program is presented to parliament, that's it. Excise tax changes go into effect immediately. Other changes generally wait until the completion of parliamentary debate and action, but are rarely modified except in detail.

Compared with the U. S. system, what advantages are claimed for the British-Canadian systems? (1) Responsibility—there's no opportunity for passing the buck from the executive to the legislature, from one House to another, etc. The finger is pointed clearly and sharply at the finance minister and the majority party in parliament. (2) Speed—if budgetary or economic changes require quick action, the cabinet system can deliver them in a matter of weeks rather than months. A flexible fiscal policy to help stabilize the economy becomes more workable under such a system. (3) Coherence—a program carefully balanced by the executive in the light of budgetary, economic, and equity requirements is not torn apart and put back together again in the legislative process—as it so often was by Congress in the forties and early fifties. (4) Protection of the public interest—the Canadian system is said to give relatively more weight to national as compared with sectional interests, to general public interests as compared with special private interests.

Defense of the U. S. system proceeds on a "yes, but" basis. That is, the desirability of achieving responsibility, speed, coherence, and promotion of the general interest is not questioned. But first, even without questioning the effectiveness of the Canadian system on these four counts, it is pointed out that the U. S. system is not incapable of delivering on each count. For example, the Republican Administration and majority in Congress clearly accept responsibility for the huge tax revision bill this year. As to speed, the quick response of Congress to budgetary and economic needs in 1950 and again in the speedy excise tax reduction of 1954 is cited. As to coherence through executive-legislative cooperation, the 1950 revenue increases and the 1954 tax overhaul can be pointed to with pride. Finally, a Congress responsive only to narrow selfish interests would hardly have enacted $15 billion of tax increases in the 18 months following the outbreak of war in Korea.

A second line of defense does not depend upon these examples of what the U. S. system can do at its best, since there are an uncomfortable number of offsetting examples of what it can do at its worst. Rather, it proceeds along more philosophical lines. It grants that our system is more cumbersome and less efficient, but prefers the greater openness and dispersion of power under our system. Through our traditional system of checks and balances, multiple centers of power, greater reliance on laws than on men, and greater opportunity for taxpayers to be heard in the legislative process, it is felt that we preserve values that might be lost under the cabinet system and prevent abuses that might occur under that system.

Obviously, the ideal solution is the one that achieves the best of both worlds. Among the reforms that have been proposed to improve the U. S. taxing process are (a) closer and more formal executive-congressional liaison; (b) enactment of enabling or stand-by legislation to meet emergencies; and (c) the use of staff experts to cross-examine tax witnesses, to the end that the chaff of pure selfish interest be separated from the wheat of legitimate complaint and proposals in the public interest. While these proposals offer intriguing and promising possibilities of improvement, they unfortunately fall outside the scope of this discussion.

(D) **The 1954 excise tax bill:** Having completed our round-the-world Cook's Tour through Congress with the massive tax revision bill, we should not pass up the week-end excursion trip represented by the billion-dollar excise tax reduction bill. Late in February, the Ways and Means Committee took time out for its work-out on over-all tax revision to meet the problem of excise taxes head on. Approximately one billion dollars of excise tax increases enacted in 1951 were to expire on April 1. At the same time, many Congressmen were convinced that excise tax relief in the face of the business recession and special industry problems was more needed in such areas as amusements, cosmetics, communications and transportation, furs, and jewelry than in the more productive excise tax areas of liquor, tobacco, gasoline, and motor vehicles. Looking at the 1954 sales figures and earning statements of the liquor, tobacco, oil, and automobile industries, one has some reason to doubt the economic wisdom of the congressional decision.

One might also be tempted to doubt the political wisdom of the decision since, as a group, the excises that were *not* reduced on April 1 bear relatively harder on the lower income classes and relatively lighter on the upper income classes than the group of excises which *were* reduced. But a "double take" reveals some political wisdom in the choice after all. The taxes that were reduced are by and large the ones that are closest and most apparent to the consumer. They are separately charged at the drugstore or beauty counter, at the ticket window, and on the telephone bill. Those on liquor, tobacco, and automobiles are paid by the manufacturer and tend to be more hidden from the taxpayers' view. Clearly, in the politics of taxation, one would do well to defer to Congress!

hearings on excise taxes were

No Ways and Means Committee deemed necessary in view of the fact that a good share of the hearings in the summer of 1953 had been devoted to excise taxation. After passage by the House, the Senate permitted two days of hearings and then moved the bill speedily to the floor of the Senate. There, several amendments were added, the most significant one being Senator Douglas' measure to extend reductions to various household appliances. The measure then went through conference, confirmation by both Houses, and presidential signature in time to beat the April 1 deadline, thus postponing some reductions and substituting others. Although the Administration did not support the bill, its opposition can hardly be called active, and it has since embraced the billion-dollar excise tax reduction as part of the 1954 program of tax relief.

EDITOR'S NOTE: The foregoing is the first of two lectures by Dr. Heller. The second will be published in a subsequent issue.

E. V. Hale Associated With Lehman Brothers

Lehman Brothers, 1 William Street, New York City, members of the New York Stock Exchange, investment bankers, announced yesterday that E. V. Hale has become associated with the firm. Mr. Hale heretofore has been head of E. V. Hale & Co., Chicago, specialists in private placement financing. Prior to formation of his own firm in 1949 he was manager of the private placement department of Clement Curtis & Co. until its merger with E. F. Hutton & Company.

E. V. Hale

Mr. Hale is a graduate of Yale University, Class of 1921. He was an officer in the United States Army during World War I and, during World War II, was with the USO.

Weinress Celebrates 25th Anniversary

CHICAGO, Ill. — Weinress & Company, celebrated its 25th anniversary September 23.

The firm has been at the same address, 231 South LaSalle St., Chicago, since it started in 1929. It is a member of the New York, Midwest, American, and other leading stock exchanges.

George R. Joslyn and Harvey Sloane, each with 25 years experience in the investment business, become partners in the firm in May. Mr. Joslyn joined the firm shortly after it was established, and Mr. Sloane had been a floor man for Bache & Co. and Dempsey & Company on the Midwest Stock Exchange.

Weinress & Company specializes in securities of Midwestern corporations.

Dominick & Dominick Opens Buffalo Office

BUFFALO, N. Y.—Dominick & Dominick, New York Investment banking firm and members of the New York, American and Toronto Stock Exchanges, has announced the opening of a branch office in Buffalo, at 237 Main Street under the management of Seymour H. Knox III.

Mr. Knox was previously connected with The Marine Trust Company of Western New York in Buffalo and the Marine Midland Trust Company of New York.

Hastings, Roach Opens Offices in Ft. Worth

FT. WORTH, Texas—Hastings, Roach & Co., Inc., has been formed with offices at 817 Taylor Street to engage in a securities business. Officers are Robert E. Hastings, President, O. V. Roach Jr., Vice-President, and G. B. Hastings, Secretary-Treasurer. Mr. Hastings was previously with Blair & Co., Inc. in Chicago. Mr. Roach was with Industrial Investments Co., Ft. Worth.

Public Utility Securities

By OWEN ELY

Illinois Power Company

Illinois Power supplies electricity to a population of about 800,000, and natural gas to about 600,000, in large areas of northern, central and southern Illinois. The cities served include Decatur (electricity and gas), East St. Louis (gas only), six others with populations of over 25,000, and seven with populations of between 12,000 and 25,000. The economy is basically agricultural, but also includes numerous diversified industries. Approximately 76% of total revenues for the 12 months ended June 30, 1954 was derived from electricity, 23% from gas and 1% from steam heating. Electric revenues were 39% residential and rural, 22% commercial, and 39% industrial, electric utilities and miscellaneous. More than 95% of the company's electric requirements are now generated in its own power stations, compared with less than 10% prior to Sept. 1, 1947.

With the exception of two small areas, the territory served became completely interconnected in 1951, and the entire transmission system is operated as a unit. Moreover, Illinois Power, Central Illinois Public Service and Union Electric have in effect pooled their generating facilities—each plant serves the area adjacent to it regardless of ownership, which reduces line losses. It also enables the three companies to coordinate their plans and install larger, more efficient generating units. At present Illinois Power is the "deficit" company, hence it is going ahead with the construction of two units at the new Vermilion power station to be located at Danville. The first unit (75,000 kw.) is expected to go into service early in 1955, and the second (100,000 kw.) is scheduled for late 1956.

The company's construction program will continue fairly heavy through 1957, with estimated total expenditures of $80 million, including $29 million for generating plants. The company also had incurred a $9 million bank loan, making a total of $89 million to be taken care of. Recent financing—the sale of 200,000 shares of common stock and 180,000 shares of 4.20% preferred stock of $50 par—reduced this amount to about $71 million. Depreciation, amortization, and retained earnings over the next 3½ years will amount to $49 million, leaving only $22 million to raise in new money. Thus no further financing will probably be necessary before 1956 or possibly 1957.

The electric, gas and steam heating rates of the company were increased effective July 6, 1954 in amounts which it is estimated will increase revenues by some $5.4 million per annum, based on the approximate level of business in 1953. After allowance for income taxes this is equivalent to about 86 cents a share on the 3,010,000 shares now outstanding (following the recent sale of stock).

Giving effect to the rate increase and the new financing, share earnings were recently forecast as follows by President Van Wyck in a talk before the New York Society of Security Analysts:

		—Share Earnings—	
Year	Net Income	52% Tax	47% Tax
1954	$10,145,000	*$2.76	---
1955	*11,765,000	†3.25	†$3.51
1956	12,715,000	3.52	3.96
1957	13,745,000	‡3.87	‡4.34

*On increased shares. †Includes only small amount of EEI sales. The estimate was described as "conservative." ‡Does not allow for possible equity financing.

Some recent expenses were nonrecurring; $800,000 was spent in preparing the rate case and setting up original cost figures. On the other hand the company will lose some profits from sale of electricity to Electric Energy Inc., revenues from which amounted to over $3 million for the 12 months ended June 30, 1954. When EEI completes its own generating facilities, of course, this business will disappear. On the other hand the company owns 20% of the stock of EEI and should obtain future benefits from (1) purchase of cheap power from its plants, or (2) dividend income on the investment.

In considering current and future earnings, analysts like to know the amount of the "interest on construction credit," which is a noncash bookkeeping item. The amount of this item has been estimated as follows:

1954–$983,000 1955–$300,000 1956–$365,000 1957–$135,000

The $2.20 dividend has been paid since 1949. In the meantime book value has increased sharply and the dollar has depreciated. President Van Wyck hopes to raise the dividend to $2.40 some time next year, and eventually perhaps to $2.60. However, the results of the rate increase on earnings will be watched carefully before the dividend is raised; probably in six to nine months directors will be able to act.

Future consideration will also be given to splitting the stock and the no par stock may be changed to a par value issue. The stock has been selling recently around 48½ to yield about 4.5%.

With Daniel D. Weston

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Ray K. Ford, Karl J. Frank, Roy G. Hall, Philip Kostman, Arthur C. Moniak, M. Morton Strassman, Jack G. Waldron, Bernard Walper and Joseph O. Wolvin have been added to the staff of Daniel D. Weston & Co., 1191 North Bundy Drive. Mr. Waldron was formerly with J. A. Hogle & Co. Mr. Wolvin was with Marache Dofflemyre & Co.

Form Van Blerkom & Co.

SALT LAKE CITY, Utah—Walter Van Blerkom and Winnifred Van Blerkom have formed Van Blerkom & Company with offices in the Beason Building, to engage in a securities business.

T. O. Williams Opens

ONEONTA, N. Y.—T. O. Williams is engaging in a securities business from offices at 136 Main Street.

Canada — A Wonderful Climate for Investment

Continued from first page

funds abroad, Canada is, on all counts, the most attractive and favored nation.

If you're going to invest funds in a country, your second inquiry (after you've satisfied yourself about its national solvency and political stability) is about banks. Are they sound and prosperous? The Canadian answer to that question is a big fat "Yes." As pioneers in branch banking, the 11 chartered banks in Canada serve the nation, down to its smaller towns, with over 4,000 branches.

Total assets of the 11 chartered banks are above $10.7 billion.

Canadian bank shares, buttressed by impressive gains in deposits and plump dividends ranging from 7% to 17% last year, hit new highs in 1953 and there is slight reason to expect any material price decline. A revision of the Canada Bank Act this year legalizes (for the first time) bank loans for real estate construction, personal loans secured by autos, appliances or furniture, and loans on oil and gas underground. These new sources of earning power suggest a brand new element of attraction in Canada's bank shares which have for years proved wonderful investments. All major banks have been consistent dividend payers for a long series of years. In one case consecutive cash dividends have been paid every year since 1818 and in still another since 1869. How's that for durability? Eight of the banks are listed on the Montreal and Toronto Stock Exchanges.

That brings up our third point—the machinery for investment. There are many large investment banking houses, and there are major stock exchanges in Toronto and Montreal.

The Toronto and Montreal Boards are the trading homes of major Canadian bank and industrial shares. The Canadian Stock Exchange is the equivalent of our American Stock Exchange. The Toronto Exchange carries the listings of dozens of low price oil and mining shares, has the largest daily volume on the American Continent and has considerable renown for the volatility of its market leaders. There are also share exchanges in Calgary, Vancouver and Winnipeg which are more local markets and their transactions are not reported in the New York papers. The facilities for buying and selling, and the existence of orderly public trading markets outlined briefly above, provide excellent accommodation for prompt, efficient execution of security orders.

Now we've talked about the money and market arrangements, let's go once over lightly some of the industries in which sound and permanent equity investment is not only possible but desirable. We'll start with transportation.

The largest privately owned railroad in the world is Canadian Pacific. It honeycombs Canada both with its tracks and its diverse interests in hotels, steamships, airlines, mining and its 12 million odd acres of mineral-prone real estate. CP, a fabulous rail, has paid dividends since 1944 and could hardly miss sharing in the growth of Canada.

Canada Steamships Lines Ltd. is big, solvent and profitable, and a powerful agency for water transport of ore, wheat and miscellaneous freight with steady dividends since 1942.

Canada is the world's largest producer of asbestos. Asbestos Corporation Ltd., the dominant factor here, is a fine company by any standard, with a 17-year consecutive dividend record.

Everyone knows the premier position of Canada in pulp and paper. She supplies 80% of all American newsprint — brings us our headlines without our even knowing it! Some wonderful Canadian companies have developed to supply this pulp—companies like Abitibi Power & Paper Co., Ltd., International Paper Co., Consolidated Paper Corp., Ltd., Fraser Companies Ltd., Howard Smith Paper Mills Ltd., Powell River Co. Ltd., Price Bros. & Co. Ltd., MacMillan and Bloedel. Most of these have a 10-year or longer sustained dividend record. These are fine, established, well resourced enterprises.

You can't yet buy Ford Motor Co. shares in the U. S., but you can buy Ford Motor of Canada, leading and expanding Dominion motor car producer with a solid dividend record running back 21 years. There may be a Ford in your future investment in Canada!

Among big entrenched metal, mining and mineral extraction companies, you'll find some top drawer entries — Consolidated Mining, Hudson Bay Mining, International Nickel, Noranda, and the lowest cost producer of aluminum in the world — Aluminium, Ltd. — all elegant corporations averaging 20 years or more in unbroken dividend skeins.

Canadians have, for a long while, been producers of fine beers and whiskies, and the names of Canadian Breweries, Distillers Corp.-Seagram, Hiram Walker, John Labatt, and Sicks Breweries come readily to mind, as established and profitable purveyors of potables.

You certainly couldn't write about Canada and not mention oil. It's a very big industry and getting bigger daily. Getting away from the speculative splash of some of the small and recent drillers and producers, there are the big three: Imperial Oil Ltd., affiliate of Standard Oil of New Jersey; British American Oil Co., and McColl-Frontenac Company Ltd., identified with Texas Company. These are growing integrated units with considerable dividend durability. Imperial has paid continuously since 1900. Two successful pipe lines, Interprovincial, and TransMountain, are eminent transporters.

There are splendid utilities, led off by Bell Telephone of Canada (dividends since 1881) and including International Utilities, Shawinigan Water and Power, Union Gas, and Power Corp. of Canada.

Heavy industry is represented by Steel Corp. of Canada, Dominion Foundries, machinery by Massey-Harris-Ferguson Ltd. For building construction, there's Canada Cement, Gypsum Lime and Alabastine Co. and Foundation Co. Ltd.

In the United States consumer and personal credit has become a very big thing and the companies like Commercial Credit and Household Finance have grown big and prosperous. Of all consumer items bought, motor cars make the largest credit demands. This is equally true in Canada and has led to the rapid growth in assets and profitability of such companies as Industrial Acceptance Corp. Ltd., Traders Finance Corp.,

Ltd., and somewhat smaller Laurentide Acceptance Corp. With only one person in six in Canade now owning a motor car, the future buying demand is regarded as excellent. (In the U. S. one person in every 3.7 owns a car.) Further, time purchase of motor cars and appliances, as well as personal loans, are becoming daily more fashionable North of the border.

Talking about Canada without reference to gold is like a review on the theatre without mentioning the Barrymores. Gold was, until very recently, the principal mineral of Canada but since the price of this age old desideratum has held stubbornly at $35 an ounce for 20 long years, and mining costs have risen, the gold mining companies have been squeezed and even a Canadian Government subsidy has not brought high levels of profitability; but they are despite this fact far from poor investments for a number of obvious reasons. Among the gold shares listed in Canada the biggest producer is Kerr Addison, and Dome, Hollinger, Giant Yellowknife, Campbell Red Lake are important. Among the more marginal producers, MacLeod-Cockshutt, and East Malartic come to mind. And, of course, there's Noranda, a big factor in many metals. McIntyre Porcupine, a sort of investment trust, has a lot of gold equities.

* * *

On the immediate horizon the most dynamic factors in Canadian industry and commerce would appear to lie in the vast power and aluminum installation at Kitimat, the Steep Rock, and Labrador ore developments, with the accompanying 360 mile railway, the uranium outlook at Athabasca, Beaver Lodge, Marion River, and Blind River, and, of course, the construction and power generation related to the St. Lawrence Seaway. These are just a few of the major items in the bright Canadian economic panorama.

We forgot to mention life insurance companies. There are three very big ones, Sun Life (traded over-the-counter), Canada Life and the Great Western Life Assurance Co. of Winnipeg, which, by the way, included common stocks in their portfolios long before American companies did. These three are elegant institutions and there are a number of other smaller ones. Life insurance is extraordinarily popular in Canada and the industry is expanding in a manner most pleasing to shareholders.

We couldn't, in a brief share-orama like this, begin to cover all the worthy major enterprises in Canada but we do refer you to the tabulations below of Canadian companies traded on the Exchanges that have paid consecutive cash dividends from 5 to 126 years. This record should offer great assurance to those seeking investments north of the St. Lawrence, and demonstrate that many equity issues there have definitely attained a solid investment status.

And now for another enticing factor! There are not now, north of the St. Lawrence River and the Great Lakes, either pressure groups or agitators calling for cheapening of the dollar. It is therefore unlikely, should we have an inflationary movement in this country or a resurrection of the New Deal philosophy of the "baloney dollar," induced by heavy deficit spending, that Canada will follow in the wake of the movement. Investment in Canadian dollar securities would thus seem to be a possible hedge against cheapening of the dollar, too.

For those seeking continuity of dividend, plus logical expectation of sound growth, Canadian

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Canada's Plans for Its Northern Territories

they share the Arctic intimately with powerful neighbors — the U. S., Denmark, Norway and the Soviet Union. Because the entire northern boundaries of both Canada and the Soviet Union practically adjoining the Arctic, Canada figures prominently in the defense strategy of the U. S. and Canada.

The two countries no doubt will continue working closely together for a long time on projects in the Arctic where common objectives can be served. But, while it is entirely natural and understandable that Canada should have important military bases at Churchill on Hudson Bay and Whitehorse in the Yukon, where combat techniques under arctic conditions may be worked out, Ottawa officialdom does not appear to be too worried about the probable trend of relations with Russia.

An important factor influencing the course of events north of the 60th parallel is the growing realization in Canada that the North Pole is not the climatic barrier between the three great continents of the Northern Hemisphere —Asia, North America and Europe—that it has been commonly thought to be. Actually, the Pole consists only of a frozen ice-pack, floating and revolving upon water warm enough to sustain abundant and varied marine life.

For over a century, it should be recalled, whales have been hunted in arctic waters, not only in Bering Strait and around the north end of Alaska but, for that matter, even in the general vicinity of Greenland, that ice-capped island of almost continent size where the last Ice Age lingers to this day and which is the area, together with Hudson Bay, really responsible for the icy blasts that sweep down southward over the continent from time to time in mid-Winter.

The northeastern part of this continent, from Greenland southwestwards to the tree-line, extending in a southeasterly direction from Aklavik to Churchill, is indeed bleak and, to the casual observer, barren. What is not generally realized, however, is that the long hours of sunlight in summer bring out a rich growth of grass-like plants, lichens and other vegetation over the tundra there upon which feed at the present time 670,000 caribou which, in turn, are a main part of the diet of the 9,000 Indians, 3,000 Eskimo and 300 or more half-breeds, trappers and others, inhabiting the fringe of this broad area, including the nothern sections of Alberta, Saskatchewan and Manitoba. The hides of these animals, too, are widely used for clothing, particularly well adapted for the rigorous life of the climate of this region.

Caribou and Reindeer as Meat

The present caribou population, however, is only about a third as large as it was at the beginning of this century when whalers, hunting in arctic water, slaughtered them, often wastefully for their meat. To gather information to help conserve the caribou as a valuable national resource, the Canadian Wildlife Service in 1948, 1949 and 1950 took a large number of aerial photographs of caribou in migration and dug up numerous other facts concerning the life cycle of these animals. The government thinks that the caribou, properly protected, may some day help provide the meat supply for many more people than they do today. The Canadian Government makes some buffalo meat available to the natives from the herds rapidly being built up in the game preserves.

The authorities have been encouraging the natives to raise their own domestic supply of meat and, as a long forward step in this direction, introduced reindeer from Alaska on the eastern side of the Mackenzie River delta back in 1935. Branch herds were started by the Eskimo themselves along the Anderson River further East in 1938 and 1940. But this project suffered a serious setback in 1944 when the chief herders and their families lost their lives in a shipwreck. Six years ago, other Eskimo took over the management of a herd in the Eskimo Lakes area. The big job in all this is to get the nomadic Eskimo, if possible, to live a more sedentary life.

The Northern Administration in 1950 also decided to try to educate the game-eating Eskimos to look a little more seriously upon fish as a possible source of food. An experienced fisherman was sent with three dories to teach the natives in the region of Ungava Bay how to catch dodfish, abundant in that particular area and the project is reported to have gotten off to a good start.

The numerous furry creatures of both the arctic mainland and islands, such as the polar bear, white fox, beaver and muskrat, along with the seal, the furry mammal of the sea, have been the basis of a thriving trade in

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Canada's Plans for Its Northern Territories

furs for two centuries, providing Indians, Eskimos and the whites, living like natives, with the exchange necessary to buy the articles of civilization.

In a serious attempt at conservation of this natural resource, the government has marked off individual hunting areas for the exclusive use of particular natives in the hope they will consider it to their long-term economic advantage not ever to hunt the region to complete exhaustion. To a great extent, of course, a great quantity of furs, notably silver fox and mink, are produced now on nothern farms.

To help free the natives from complete dependence upon furs for such money as they require, the government a few years ago gave a grant to the Canadian Handicraft Guild to encourage the Eskimo to utilize some of their spare time in making soapstone, ivory and wood carvings and various articles of furs and hides for sale in Montreal.

Snowfall Is Light in the Arctic

South of the tree-line in northern Canada, the climate is variable. It can be as cold in winter as on the barren lands around Hudson Bay and the arctic islands to the North. On the other hand, the temperature can be quite mild. An extremely low temperture of 81.4 degrees below zero was recorded in February, 1947, at Snag Airport near the Alaskan border, even though some winters, in the same region, the temperature averages well above zero. While frosts can occur even in summer, during the warm months, temperatures in both the Mackenzie River Valley and the Yukon Territory, influenced as they are likely to be then by warm air flowing in from the North Pacific, are really not too different from those prevailing at the same time of year in the region north of Lake Superior and the country immediately to the northeast of the City of Quebec.

In the Mackenzie River valley and the Yukon, average maximum summer temperatures run from 80 to 85 degrees but temperatures have risen during July and August to 103 degrees at Fort Smith, south of Great Slave Lake, and 95 degrees at Dawson City. But perhaps the greatest surprise of all in the North is that, while snow lingers long because of the steady cold there, the snowfall itself, contrary to the general impression, is rather light, amounting to only about 40 to 50 inches a year.

Possibilities for farming and agriculture exist throughout the northwest, though on first examination they are likely to appear precarious and limited. While the summer temperatures rise high enough to favor growing conditions, the frost-free period ranges from only 44 to 92 days. The light average precipitation is a warning, too, that drought can threaten in some years. North of Fort Simpson in the Mackenzie River valley, as on the tundra north of the tree-line, the subsoil is permanently frozen. While this may appear to affect agriculture adversely, actually it serves the very useful purpose of holding moisture in the soil. There are thus both positive and minus features in the situation.

Small gardens are rather common throughout the North, although, in some locations, greenhouses are widely employed to grow limited quantities of vegetables and it is worth noting that during the Gold Rush in the Yukon, at the turn of the century, some of the farmers, selling milk and vegetables, fared better than many miners.

For an eight-year period, starting with 1917, the Department of Agriculture, at an experimental farm on Swede Creek, a short distance from Dawson, demonstrated conclusively that such field crops as oats, barley and even wheat could be grown to maturity in the Yukon. Also, in 1946, the department opened an experimental farm substation at Pine Creek, 100 miles from Whitehorse, where successful results were obtained from attempts to grow not only field crops but garden vegetables, small fruits, flowers and livestock.

The Department of Mines and Resources joined forces with the Department of Agriculture in 1943 to look into the agricultural possibilities of the Northwest Territories with a view to encouraging farmers to settle in that area if the results were found to be favorable. Surveys conducted by an experimental substation at Fort Simpson revealed the existence of thousands of acres of good alluvial soils along the Laird, Slave and upper Mackenzie Rivers. Another substation set up at Yellowknife also found that by employing commercial fertilizers and irrigation it was

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Canada – A Wonderful Climate For Investment

companies definitely deserve consideration. With a land area a third larger than the U. S., a population that could grow tenfold, a political and economic climate hand-tailored to private enterprise, and untapped natural resources of titanic magnitude, there must be an aureate picture waiting in Canada for informed investors.

TABLE I

Canada – A Wonderful Climate For Investment

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1954	Quotation June 30, 1954	Approx. % Yield Based on Paymts. to June 30, 1954
		— Canadian $ * —		
Ashdown Hardware Co., Ltd., J. H., "B" Large wholesale & retail business in general hardware	17	1.00	a18	5.6
Aunor Gold Mines Ltd. Ontario gold producer	14	0.16	2.08	7.7
BANK OF MONTREAL Operates 602 branches and agencies throughout the world ● See Bank's advertisement on page 28.	126	1.40	45¼	3.1
BANK OF NOVA SCOTIA Operates 415 branches & sub-offices throughout the world ● See Bank's advertisement on page 27.	122	1.80	45¾	3.9
BANK OF TORONTO Operates 248 branches throughout Canada ● See Bank's advertisement on page 36.	98	1.70	b46½	3.7
Banque Canadienne Nationale Operates 247 branches in Canada	73	1.20	31⅞	3.7
Barber-Ellis of Canada, Ltd. Stationery & printers' supplies	24	3.20	‡	--
Beatty Bros. Ltd. Manufactures barn & stable equipment, household equipment, pumps, etc.	15	0.55	6¾	8.1
Belding-Corticelli Ltd. Makes nylon, silk and rayon threads for all purposes	32	0.70	b8½	8.2
Bell Telephone Co. of Canada Most important telephone system in Ontario & Quebec	74	2.00	43½	4.6
Belleterre Quebec Mines, Ltd. Quebec gold producer	10	0.10	a4.00	2.5
Biltmore Hats Ltd. Men's fur felt and wool felt hats	21	0.40	a6	6.7
Brazilian Traction, Light and Power Co., Ltd. "Ord" Diverse utility interests in Brazil	14	†0.53	8¼	6.4
British American Bank Note Co. Ltd. Makes bank notes, bonds, revenue stamps, and similar items	20	1.00	18½	5.4
British American Oil Co. Ltd. Petroleum production, refining distribution	46	0.70	24¾	2.8
British Columbia Telephone Co. "Ord" Second largest privately owned telephone system in Canada	39	2.00	41	4.9
Broulan Reef Mines Ltd. Ontario gold producer	15	0.03	1.50	2.0

* Add 3% to translate into U. S. funds.
† Adjusted for stock dividends, splits, etc.
‡ Inactive issue. No exchange trading.
a Asked.
b Bid.

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Canada's Plans for Its Northern Territories

possible to grow good gardens and lawns in that section.

But in a great agricultural country like Canada, the job of feeding the inhabitants of the North Country should never pose a serious problem. It is obvious of course that the North Country could successfully grow much of the food it might require. It can reasonably be expected that agriculture in the Northwest will not only make a come-back but move on to new territory when the population really starts to grow as economic opportunities open up—as they are doing right along—throughout the section.

The North Land Only Seems Remote

A reason why the country in Western Canada north of the 55th parallel and in Eastern Canada north of the 50th parallel, except perhaps for narrow stretches along the Atlantic Ocean and Arctic Sea, has seemed so remote to many people is the relative inaccessibility of this entire area. Actually, the inaccessibility is largely imaginary. For anyone not conscious of the rich history of this region, it may be difficult to realize that men have been moving around throughout the area, even among the ice-locked arctic islands in the North, for a very long time. White men have roamed over the section for practically as long as white men have lived anywhere else in the northern half of the North American continent.

To this day—especially during the summer months—the sea is the easiest way to approach a very large part of the Canadian North. This is particularly true in the northeast section—Labrador, the country around Hudson Bay, the arctic islands and the eastern arctic in general. However, it was only in 1940-42 that a Royal Canadian Mounted Police boat made the first successful passage from West to East, although it was forced to spend the Winter at Walker Bay on Victoria Island, approximately midway. It was not until 1944—only 10 years ago—that another RCMP boat made the trip from Halifax to Vancover over the route in a single season, completing the voyage in 86 days.

The tiny settlements, gathered around fur trading posts and mission stations along the coast and arctic islands off the Beaufort Sea, the Amundsen Gulf and eastwards to Rae Strait near Boothia Peninsula are reached in summer by vessels, sailing from Tuktuk near Aklavik at the mouth of the Mackenzie River which has become an important transfer point for river and ocean traffic. The Roman Catholic Church sends a schooner about Hudson Bay each summer to carry supplies to its missions in that part of the world. Likewise, it has another schooner to serve its missions along the coast of the mainland and islands of the northwest section of the Canadian arctic.

The rivers of the Northwest and, in particular, the Yukon and Mackenzie Rivers, have from the time of their first discovery been the chief highways over which travelers and traders have plied their way through most of this vast region. The Yukon is nearly 2,000 miles in length but only a third of it lies in Canada. Together with the numerous lakes in the southern part of the Yukon Territory, however, the Canadian portion of the Yukon River creates an inland water route more than 1,000 miles in length. The Mackenzie and its tributaries, the Athabasca and Slave Rivers, provide an inland waterway for a distance of around 1,700 miles but subsidiary routes on Lake Athabaska, Great Slave Lake, Great Bear River and Great Bear Lake add another 800 miles.

Navigation presents its difficulties, in addition to those offered by ice lingering late in the spring, on both these river transportation systems but of course, the Dominion Government has taken some steps to lessen the hazards of navigation all through the North, notably on the Mackenzie. The Hydrographic Service in 1945 located a new seven-foot channel in Green Island Rapids on the Mackenzie River a short distance east of Fort Simpson. The government that same year, too, built a dredge to keep a channel open in the Athabaska delta. The year before also it undertook the maintenance of a 16-mile highway from Fort Fitzgerald to Fort Smith, originally constructed by private interests in 1931 as a portage around dangerous rapids on the Slave River.

As with the weather, there is too often too much fantasy and not enough facts regarding the relative geographic location of the Northern Territories. It may perhaps be difficult to realize that the Mackenzie drains an area of approximately 700,000 square miles or a fourth of the entire mainland area of Canada, and that Aklavik, the settlement at its mouth, is in a straight line about as far from the North Pole, di-

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rectly to the North, as from Victoria, directly to the South. Whitehorse is just as far from the North Pole as it is from San Francisco.

New Railroads in the North And West

Railroads of course are already rapidly pushing into the north country. Tracks of the Canadian National Railway now connect Edmonton, Alberta, with the Mackenzie River transportation system at both Peace River and Fort McMurray and it would not be surprising to see one of these lines extended soon to the rich mining country at Great Slave Lake. The narrow-gauge White Pass & Yukon Railway has connected Skagway in Alaska — on the seacoast — with Whitehorse, head of navigation on the Yukon, for some time, of course.

In Manitoba, North of the 55th parallel, 177 miles of new track have recently been laid from Sheridon to a new mining area around Lynn Lake. In Quebec, also, north of the 50th parallel, construction of a new railroad from Seven Islands on the north shore of the St. Lawrence 357 miles northward to the vast iron ore deposits at Knob Lake on the Quebec-Labrador border at the 55th parallel has only recently been completed. Two rail lines already run to the Hudson Bay, one the Ontario Northland Railway to Moosonee and the other, the CNR, to Churchill. No doubt, someday, a railroad will also be running through the mineral-rich country West of Hudson Bay, immediately to the North of Manitoba and Saskatchewan. Scheduled for completion this year is a short spur from the CNR main line at Terrace, B. C., to the vast new aluminum smelter being con-

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	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1954 — Canadian $ * —	Quotation June 30, 1954	Approx. % Yield Based on Paymts. to June 30, 1954
Building Products Ltd. — Asphalt roofing, flooring and insulation	28	1.80	42	4.3
Burlington Steel Co., Ltd. — Steel rolling mill & related oper.	18	1.50	22¾	6.6
Butterfly Hosiery Co., Ltd. — Makes ladies' full-fashioned hosiery	13	0.40	5	8.0
Caldwell Linen Mills, Ltd. — Makes wide variety of linen & cotton products	12	0.80	a13	6.2
Calgary & Edmonton Corp., Ltd. — Leases oil & gas drilling rights in Alberta	18	0.10	11	0.9
Canada & Dominion Sugar Co., Ltd. — Cane & beet sugar refining	24	1.00	19¼	5.2
Canada Bread Co., Ltd. — Bread & cake wholesaler & retailer	12	0.10	a3.00	3.3
Canada Foundries & Forgings Ltd. "B" — Furnaces, forgings, hardware, etc.	15	2.90	a100	2.9
Canada Iron Foundries, Ltd. — Holding & operating co.—machinery & equipment interests	10	1.20	21⅝	5.5
Canada Life Assur. Co. — One of the largest Canadian companies underwriting life, accident and sickness insurance	100	3.00	a97½	3.1
Canada Machinery Corp., Ltd. — Wide variety of tools & machines	15	0.65	8¾	7.9
Canada Malting Co., Ltd. — Malt for the brewing & distilling industries	27	3.00	60	5.0
Canada Northern Power Corp., Ltd. — Through subs. serves important mining area in Northern Quebec	26	0.60	b12½	4.8
Canada Packers Ltd. "B" — Full line of packinghouse prods.	20	1.50	36¾	4.1
Canada Permanent Mortgage Corp. — Lends on first mortgage security, issues debentures, accepts deposits	99	2.65	71	3.7
Canada Steamship Lines, Ltd. — Freight and passenger vessels: other diverse interests include hotels	12	†0.25	23	1.1
Canada Vinegars Ltd. — Vinegar and apple products	30	1.00	a16	6.3
Canada Wire and Cable Co., Ltd. "B" — Copper and steel wires and ropes	16	3.00	a67¾	4.4
CANADIAN BANK OF COM. — Operates 679 branches throughout the world ● See Bank's advertisement on page 31.	87	1.20	38	3.2
Canadian Breweries Ltd. — Holding co.—brewing and grain milling interests	10	1.25	26½	4.7
Canadian Bronze Co., Ltd. — Holding co. — subsidiaries make bronze bearings, bushings, and castings	27	2.50	34	7.4

* Add 3% to translate into U. S. funds.
† Adjusted for stock dividends, splits, etc.
a Asked.
b Bid.

Canada – A Wonderful Climate For Investment

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1954 — Canadian $ * —	Quotation June 30, 1954	Approx. % Yield Based on Paymts. to June 30, 1954
Canadian Canners Ltd. — Cans fruits, vegetables, meats, etc.	15	2.00	24¾	8.1
Canadian Car & Foundry Co., Ltd. "Ord" — Rail & highway rolling stock	10	0.80	20	4.0
Canadian Celanese Ltd. — Synthetic yarns and fabrics	19	1.35	19¼	7.0
Canadian Fairbanks Morse Co., Ltd. — Exclusive sales agent for Fairbanks, Morse & Co. of Chicago	17	1.00	b24⅛	4.1
Canadian Gen. Elec. Co., Ltd. — Exclusive manufacturing & selling rights of General Electric products in Canada	25	12.00	a595	2.0
Canadian Gen. Invest. Ltd. — Management type invest. trust	27	1.28	26	4.9
Canadian Industries Ltd. — Chemicals and allied products	28	1.20	52¼	2.3
Canadian Oil Cos., Ltd. — Petroleum refining & distribution	29	0.50	16	3.1
Can. Pac. Ry. Co. "Ord" — "The" private railway system of Canada	11	1.50	25¾	5.8
Canadian Tire Corp., Ltd. — Automotive accessories, parts, etc.	11	0.70	a51¾	1.4
Celanese Corp of America — Yarns and fabrics	16	§0.85	ns	--
Celtic Knitting Co., Ltd. — Silk, silk & wool, and cashmere hosiery	10	1.00	a10	10.0
Central Canada Invest. Ltd. — Investment co.—large insurance interests	71	0.40	b10⅜	3.9
Chartered Trust Co. — General fiduciary business	20	1.10	b42	2.6
Chateau-Gai Wines Ltd. — Wines and juices	10	1.00	13	7.7
Coast Breweries Ltd. — A holding co. for four British Columbia breweries	26	0.27	4.30	6.3
Cockshutt Farm Equipt. Ltd. — Farm implements & machinery	14	0.70	7⅞	8.9
Collingwood Terminals, Ltd. — Operates a 2 million bushel grain elevator in Collingwood, Ontario	13	1.00	b13	7.7

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 35.

Conduits National Co., Ltd. — Rigid electrical conduits, elbows, couplings, etc.	18	0.50	8⅛	6.2
Confederation Life Assoc. — Wide range of endowment and life policies	81	1.50	a62¾	2.4
Consolidated Mining & Smelting Co. of Can. Ltd. — Lead, zinc, silver, chemical fertilizers, etc.	22	1.20	27⅝	4.3
Consumers' Gas Co. of Toronto — Manufactures and distributes gas in the Toronto area	107	0.80	a21½	2.7
Consumers Glass Co., Ltd. — Wide variety of glass containers	19	1.50	29	5.2
Corby (H) Distillery Ltd. "A" — Holding and operating co.—alcohol and spirits	18	1.00	14⅛	7.1
Cosmos Imperial Mills Ltd. — Manufactures heavier grades of cotton duck	20	0.70	10	7.0
Crown Cork & Seal Co., Ltd. — Bottle caps for the beverage industry	26	2.00	a43½	4.6
Crown Trust Co. — General fiduciary business	55	5.00	a145	3.4
Crow's Nest Pass Coal Co., Ltd. — Coal producer on western slope of Canadian Rockies	37	4.00	a88	4.5
Distillers Corp.-Seagrams Ltd. — A holding co.—interests include a complete line of whiskies and gins	18	1.70	29⅝	5.7
Dome Mines Ltd. — Ontario gold producer	35	0.70	14.87	4.7
Dominion and Anglo Investment Corp. Ltd. — Investment holding company	15	14.00	a240	5.8
DOMINION BANK — Operates 184 branches in Can., England, and the U. S.	84	1.30	36½	3.6

● See Bank's advertisement on page 29.

* Add 3% to translate into U. S. funds.
§ Adjusted for Canadian — U. S. rate of exchange. Add 3% to translate into U. S. funds.
a Asked.
b Bid.

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Canada's Plans For Its Northern Territories

structed at Kitimat by the Aluminum Co. of Canada on the Pacific Coast.

The grand era of spectacular projects in railroad construction is very obviously not yet over for Canada. The really great dream of the Canadians, of course, is for a railroad that would extend Northward out of B. C., through the Yukon Territory, to Alaska. Such a railroad actually got as far as the planning stage during World War II, when it appeared the Nipponese might attempt an invasion of the continent through Alaska. The project was cut short, however, when the war suddenly came to an end.

Of course, the tracks of a railroad owned jointly by the Canadian National and the Canadian Pacific—the Northern Alberta—already connect with the Alaskan Highway at Dawson Creek, so providing the opportunity for swift and rapid travel and shipping through the entire Rocky Mountain region, and buses carry passengers over the Alaskan Highway.

Over most of North Canada, where human contacts are maintained at all, the airlines continue where the railroads leave off. In the West for instance, there is air service to Great Slave Lake region and even as far North as both Aklavik and Coppermine on the Arctic Sea. Also, there is air service to Whitehorse and to Mayo in the Yukon Territory and Fairbanks in Alaska. On the West side of Hudson Bay, airplanes fly from Churchill to Chesterfield Inlet and Ferguson Lake and on the East side from

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Wertheim Team Wins Hayden Golf Trophy

A four-man golf team representing Wertheim & Co. won the 26th Annual Charles Hayden Memorial Trophy Tournament at Whippoorwill Club, near Armonk, N. Y. The winning score was a net of 316 for the four-man team. A total of 37 teams representing New York investment banking houses participated in this year's tourney.

Consisting of Herbert A. Goldstone, Robert Bach, Charles S. Warner and T. W. Hawes, the winning team edged out the second place team from Carl M. Loeb, Rhoades & Co., which netted 317. Third place went to Baker, Weeks & Co., with a net score of 318.

John Ryan of Smith, Barney & Co. won the low gross score honors with 75. Grover O'Neil, Jr. of Fahnstock & Co. won the individual low net score with a 71. Drexel & Co. led the two-man teams with a net of 157.

The Charles Hayden Trophy was donated by the partners of Hayden, Stone & Co. and is kept in perpetual play as a memorial to Mr. Hayden, founder of the firm.

Dittmar & Co. Add Three to Staff

SAN ANTONIO, Tex.—Dittmar & Company, South Texas Building, announce that Warren S. Wilkinson and George C. Mead have been added to their staff in San Antonio.

W. Roy Tucker has become associated with them in the Dallas office, Wilson Building. Mr. Tucker was previously with Rauscher, Pierce & Co.

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Canada – A Wonderful Climate For Investment

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1954	Quotation June 30, 1954	Approx. % Yield Based on Paymts. to June 30, 1954
		— Canadian $ * —		
Dominion Bridge Co., Ltd. — Bridges, cranes, and structural steel of all kinds	42	†0.64	17	3.8
Dominion Engineering Wks., Ltd. — Wide variety of machines and equipment	13	1.00	22½	4.4
Dominion Fabrics, Ltd. — Towels, tapestries, draperies, etc.	28	0.80	a10	8.0
Dominion Foundries & Steel Ltd. — Makes wide variety of primary steel products	18	0.60	15	4.0
Dominion Glass Co., Ltd. — Wide variety of glassware	37	†1.425	40½	3.5
Dominion Oilcloth and Linoleum Co., Ltd. — Wide range of linoleum and oilcloth products	68	2.00	32½	6.2
Dominion Stores Ltd. — Operates grocery & meat chain	13	0.60	24½	2.4
Dominion Textile Co., Ltd. — Wide range of cotton yarns and fabrics	48	0.50	6¼	8.0
Easy Washing Machine Co., Ltd. — Electric washing machines, floor polishers, air circulators, etc.	11	0.50	a5¾	8.7
Economic Invest't Trust Ltd. — General investment trust business	28	1.00	26½	3.8
Electrolux Corp. — "Electrolux" vacuum cleaners, & air purifiers	11	§0.97	10½	9.2

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 35.

Equitable Life Insurance Co. of Canada — Wide line of life & endowment policies	16	0.65	24	2.7
Falconbridge Nickel Mines, Ltd. — Nickel, copper, cobalt; subsidiary produces steel castings	22	0.50	17½	2.9
Famous Players Canadian Corp., Ltd. — Largest operator of motion picture theatres in Canada	20	1.65	23⅞	6.9
Fanny Farmer Candy Shops, Inc. — Operates large candy chain	27	§1.46	21⅞	6.7
Ford Motor Co. of Canada, Ltd., "B" — Automotive manufacturer	22	3.75	89¼	4.2
Foundation Co. of Canada Ltd. — Engineers and general contractors	15	0.70	17	4.1
Fraser Companies, Ltd. — Wide variety paper and lumber products	11	1.00	19½	5.1
Gatineau Power Co. — Hydro-electric energy in Eastern Canada	17	1.20	24½	4.9

* Add 3% to translate into U. S. funds.
† Adjusted for stock dividends, splits, etc.
§ Adjusted for Canadian — U. S. rate of exchange. Add 3% to translate into U. S. funds.
a Asked.

Canada – A Wonderful Climate For Investment

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1954 — Canadian $ * —	Quotation June 30, 1954	Approx. % Yield Based on Paymts. to June 30, 1954
General Steel Wares Ltd. — Household utensils; hotel, restaurant, and hospital equipment; refrigerators, etc.	14	1.00	10½	9.5
Goodyear Tire & Rubber Co. of Canada, Ltd. — Natural and synthetic rubber products	28	3.50	130	2.7
Gordon Mackay Stores Ltd. "B" — Manages subsidiaries which distribute textile products & allied goods	30	1.00	a10½	9.5
Great-West Life Assur. Co. — Wide range of life, accident and health policies	55	2.00	a110	1.8
Greening (B.) Wire Co., Ltd. — Wide variety of wire products	17	0.25	a4.95	5.1
Guaranty Trust Co. of Can. — General fiduciary business	26	0.60	a14	4.3
Hallnor Mines, Ltd. — Ontario gold producer	16	0.20	a3.20	6.3
Hamilton Cotton Co., Ltd. — Wide variety of textile products	13	1.40	17¼	8.1
Harding Carpets Ltd. — Specializes in seamless "Axminister" and "Wilton" rugs	19	0.80	a8¼	9.7
Hayes Steel Products Ltd. — Wide variety of automotive parts	11	1.50	34	4.4
Hinde and Dauch Paper Co. of Canada Ltd. — Wide variety of paperboards, boxes, etc.	21	1.50	45	3.3
Hollinger Consolidated Gold Mines, Ltd. — Ontario gold producer	39	0.24	15.75	1.5
Hudson Bay Mining & Smelting Co. Ltd. — Manitoba copper & zinc producer	20	4.00	46	8.7
Huron & Erie Mortgage Corp. — Lends money on first mortgage security & operates deposit & debenture accounts	90	6.00	a139	4.3
Imperial Bank of Canada — Operates 234 branches throughout Canada	79	1.50	41⅛	3.6
Imperial Life Assurance Co. of Canada — Comprehensive range of life, endowment and term policies	53	1.50	a49½	3.0
Imperial Oil Ltd. — With subsidiaries comprises fully integrated oil enterprise	55	0.85	32¾	2.6

* Add 3% to translate into U. S. funds.
a Asked.

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Canada's Plans for Its Northern Territories

Moosonee to as far North as Port Harrison.

Planes have also been used to fly equipment into Alcan's Kitimat project in B. C. and to the Iron Ore Co.'s iron ore development in Quebec-Labrador. While gold is about the only metal most people think can be profitably hauled by air today, some Canadians believe that air freight may in the future be employed on a much broader scale to take rich ores out of the Far North. The ores would simply be packed in 100-pound sacks for shipment aboard the planes.

Of course, it is by air that probably most of the residents of the North Country today receive their mail.

During the long cold months of the year, dog-sleds, the traditional mode of travel throughout the Far North, remain the principal means of moving about many parts of the region. But in recent years, caterpillar tractors, dragging sleds, have also been extensively used to haul heavy supplies, largely over the frozen lakes and rivers. An entire mining village, Sheridon, was moved, house-by-house, in this fashion to a new site on Lynn Lake only in recent years and now the Canadian authorities are contemplating transposing Aklavik and Coppermine to new and better sites in this same way.

Influence of the Alaskan Highway

Except for strictly local roads around the small settlements of the North Country, the highways of the region are neither numerous nor extensive. The most famous — and by all means the longest — of these roads is of course the Alaskan Highway, a 1,523-mile thoroughfare extending from Dawson Creek, B. C., to Fairbanks, Alaska, 1,221 miles of which are in Canada. It was originally constructed as a military highway by the U. S. Government in 1942 as part of the defense against Japan in World War II when the Japanese, by landings in the Aleutians, threatened the ship lanes connecting Vancouver and Seattle with Skagway and Alaskan ports.

Since early in 1946, the Canadian portion, which has a gravelled all-weather surface all the way to the Yukon-Alaskan border, has been maintained by the

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Dean Witter Adds

OAKLAND, Calif. — Harold F. Eberle, Jr. is now with Dean Witter & Co., 409 Fourteenth Street.

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Canada's Plans for Its Northern Territories

Northwest Highway System of the Canadian Army. The maintenance up to date has involved construction by the Royal Canadian Engineers of a $2½ million steel bridge across the Donjek River at Milepost 1131.

Kept open to traffic all-year-long, the Alaskan Highway has been the avenue by which a growing commercial and military traffic has been moving back and forth between Dawson Creek and both the Yukon and Alaska. A recent estimate has placed this increase in travel at 25% a year. Since spring last year the new John Hart Highway, connecting Prince George directly with Dawson Creek, has also provided a better access to the Alaskan Highway from the southern portion of British Columbia.

An indication of the growing importance of the Alaskan Highway to the northern regions of British Columbia as well as to the area farther North penetrated by it is seen in the 15-fold increase in the population of Dawson Creek itself and a 10-fold increase in the size of Fort St. John, at one end of the highway, and the three-fold increase in the number of inhabitants at Whitehorse, in the Lower Yukon, at the other end, over the past decade. Such has been the importance given to Whitehorse by the highway, in fact, that only last year the seat of government in the Yukon was moved from Dawson City there.

It has been estimated that, properly developed, the entire northwestern part of the continent, including Alaska, could support a poulation of six million persons. The present population of the northern territories of Canada, from West to East, at the present time, exclusive of military personnel, is only 25,000 to 30,000 persons. The picture promises to change completely as the entire northwestern section of the continent, and particularly Canada, becomes more and more accessible and the full economic potential of the region can be adequately exploited and developed.

The virgin plains of the British Columbia Peace River, which the Alaskan Highway crosses a short distance above Dawson Creek, are being carved into new farms at the rate of 20,000 to 30,000 acres a year in the pioneering type of homesteading, partly by refugees from the U. S. dust bowl. The area adjoins the rich Alberta wheat-growing district and already is yielding good crops. Cattle ranching possibilities are also believed to exist in some sections. The upper end of the highway in British Columbia is favorably situated to large deposits of asbestos, tungsten, zinc, lead, silver and even gold, some of which are already being worked. In the vicinity of Teslin Lake and along the Nisutlin and Teslin Rivers, there are large merchantable stands of spruce.

Existence of the highway in the Yukon Territory has stimulated the construction of an all-weather road connecting Whitehorse with the mining districts of Mayo and Dawson. In the Whitehorse region, too, the Alaskan Highway joins with a secondary road which, in turn, runs into Canada's "Burma Road," a rough thoroughfare several hundred miles in length which winds tortuously through the six to eight thousand foot-high Mackenzie Mountains. It was built in connection with the Canol Project undertaken jointly by the Canadian and U. S. Governments during World War II to ship oil via pipeline from Norman Wells in the Mackenzie River Valley east of the mountains to a refinery which was constructed in Whitehorse. Both pipeline and refinery ceased operations at the close of the war

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Canada – A Wonderful Climate For Investment

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1954 — Canadian $ * —	Quotation June 30, 1954	Approx. % Yield Based on Paymts. to June 30, 1954
Imperial Tobacco Co. of Canada, Ltd. "Ord." — Tobacco, cigars and cigarettes	43	0.475	9⅜	5.1
Imperial Varnish and Color Co. Ltd. — Varnishes, lacquers, enamels, paints, etc.	14	1.20	21	5.7
Inter-City Baking Co., Ltd. — Operates bakeries in Toronto, Ottawa, and Montreal	16	1.05	a14	7.5
International Nickel Co. of Canada, Ltd. — Holding & operating co.—Primary operations at mines and smelters near Sudbury, Ont.	21	2.35	41	5.7
International Petroleum Co., Ltd. — South American oil producer & refiner	37	1.00	21½	4.7
International Utilities Corp. — Management & development of natural gas & electrical companies in Alberta	11	§1.38	33⅜	4.1
Investment Foundation Ltd. — Management type investment trust	11	1.50	b28⅝	5.2
Journal Publishing Co. of Ottawa, Ltd. — Publishes "The Ottawa Journal"	38	1.00	14¾	6.8
Kelvinator of Canada, Ltd. — Complete line of home appliances, parts and repairs	11	2.38	21½	11.1

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 35.

Kerr-Addison Gold Mines Ltd. — Ontario gold producer	15	0.80	18.12	4.4
Kirkland Lake Gold Mining Co., Ltd. — Ontario gold producer	21	0.01	a0.37	2.7
John Labatt Ltd. — General brewing business	10	1.00	20½	4.9
Lake of the Woods Milling Co., Ltd. — Mills flour & commercial feeds	15	1.60	27¾	5.8
Lake Shore Mines, Ltd. — Ontario gold producer	37	0.10	5.20	1.9
Lamaque Gold Mines Ltd. — Quebec gold producer	16	0.24	3.60	6.7
Laura Secord Candy Shops, Ltd. — Retail candy chain in Ontario & Quebec	28	0.80	15½	5.2
Leitch Gold Mines Ltd. — Ontario gold producer	17	0.05	0.72	6.9
Loblaw Groceterias Co., Ltd. "B" — Operates chain of "self-serve" grocery stores in Ontario	32	1.50	55¼	2.7
Loblaw Inc. — Oper. 133 "self-serve" food markets in north'n N.Y., Pa., & Ohio	16	§1.21	a50	2.4

* Add 3% to translate into U. S. funds.
§ Adjusted for Canadian — U. S. rate of exchange. Add 3% to translate into U. S. funds.
a Asked.
b Bid.

Canada – A Wonderful Climate For Investment

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1954 — Canadian $ * —	Quotation June 30, 1954	Approx. % Yield Based on Paymts. to June 30, 1954
Walter M. Lowney Co., Ltd. — Chocolate & other confection products	19	1.00	a18%	5,3
Maclaren Power & Paper Co. — Holding co.—newsprint, lumbering & power interests	13	2.00	a70	2.9
MacMillan & Bloedel Ltd. "B" — Fully integrated lumber business; large exporter	14	¶1.025	22½	4.6
Madsen Red Lake Gold Mines Ltd. — Ontario gold producer	15	0.12	1.66	7.2
Marcus Loew's Theatres, Ltd. — Owns two Toronto motion picture theatres	10	5.00	‡	--
Mitchell (J. S.) & Co., Ltd. — General supply house for many industries in Eastern Quebec	20	1.25	b35	3.6
Molson's Brewery, Ltd. "B" — Montreal brewer	10	1.20	b25¾	4.7
Moore Corp., Ltd. — Business forms, advertising display products, etc.	21	1.15	28¾	4.0
McColl-Frontenac Oil Co. Ltd. — Oil production, refining & distribution	11	1.00	33¼	3.0
McIntyre Porcupine Mines, Ltd. — Ontario gold producer	38	3.00	62.00	4.8
National Drug and Chemical Co. of Canada, Ltd. — Wholesaler of drugs, chemical & general merchandise	14	0.75	11½	6.5
National Grocers Co., Ltd. — Ontario grocery wholesaler	13	1.00	10½	9.5
National Steel Car Corp., Ltd. — Railway cars, automobile chassis, etc.	18	2.00	25½	7.8
National Trust Co., Ltd. — General trust business; also accepts deposits	56	1.20	b25½	4.7
Neon Products of Western Canada Ltd. — Neon advertising signs	25	0.80	23	3.5

* Add 3% to translate into U. S. funds.
¶ The company's fiscal year ends Sept. 30. For the fiscal years ending Sept. 30, 1951, 1952, and 1953 the practice was to pay a quarterly dividend of 12½c with an additional payment of 30c per share being made on Sept. 30 . . . . producing a total of 80c per share for each of these years. In February, 1954 (but retroactive to Oct. 1, 1953) the practice was changed to the payment of a straight 20c per quarter—producing a total of 80c for the year ending Sept. 30, 1954.
‡ Inactive issue. No exchange trading.
a Asked.
b Bid.

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Canada's Plans for Its Northern Territories

after nearly two million barrels of petroleum has been processed.

A Clue to Government Policy

Construction of the Mackenzie Highway from Grimshaw, Alberta, to Hay River on Great Slave Lake in the southwest corner of the Northwest Territories provides a good clue, really, as to the lengths the authorities will go to assist in the promotion of private projects in the Canadian Far North. Once the Fisheries Research Board had established, through a scientific survey made in 1944, the possibility of commercial fishing in this body of water, the lake was opened to fishermen the very next year and both the Federal and Alberta Governments went to work on a joint project to build an all-weather highway, completed only three years later, to permit quick and economic transportation of the fish caught in the lake to the railhead at Grimshaw.

Great Slave Lake, situated approximately west of Hudson Bay halfway to the Yukon-Alaska border and 340 miles south of the Arctic Circle, is the fifth largest lake on the continent, being larger than either Lake Erie or Lake Ontario and with depths running to 1,000 to 1,440 feet. Today the lake is yielding annually around seven million pounds of whitefish and trout, valued at $2 million, which find ready sale at Chicago, Minneapolis and other points in the U. S. Midwest.

So great has become the fishing operation on the lake that one fishing company alone has a 56-foot diesel motorship, capable of hauling 36,000 pounds of fresh fish, in constant use there during the summer. Both the fishing companies and the government agencies have 40 snowmobiles for their operations on the lake during the winter.

In 1952, the Mackenzie Highway was extended 70 miles along the south shore of the lake to the base metals development at Pine Point and each winter, the government plows a truck road through the snow over the ice of the lake from Hay River to the mining district of Yellowknife.

The mining industry is really the mainstay of the Northern Territories. Fur production accounts for a total annual yield of around $2 million—or no more than the fishing operations on Great Slave Lake—and so stands, along with this fish business, in a sort of second place to mining. The discovery of gold in the Yukon, of course, gave mining its initial big boost in the North Country but gold is by no means the only valuable ore being mined there today. Gold production remains important, however.

Dawson City No Ghost Town

Dawson City in the Klondike, despite its numerous abandoned buildings — objects of fascination to tourists — is no ghost town, either, producing nearly $3½ million in gold as recently as 1950, for instance. The hand methods of mining which yielded a peak of more than $22 million in gold from the Klondike in 1900 have been replaced since 1905 by dredging, employing large and expensive equipment, to extract the precious metal from the ground there.

Gold was discovered in 1933, too, at Yellowknife on Great Slave Lake and the first mine went into operation there five years later. Today, there are three producing mines in the region, yielding altogether nearly $9 million in gold annually.

In the Yukon Territory, in the region of Whitehorse, copper has also been mined, more or less intermittently, depending upon prices, since 1900. At Mayo, too, silver-lead veins, exceedingly rich in silver, have been worked since 1913. Out of the same district have also come small quantities of tungsten and tin. Coal, to meet local needs, has been mined in five different localities in the territory.

In the Mackenzie District of the Northwest Territories, both silver and copper were discovered close to the Arctic Circle at Echo Bay on Great Bear Lake, a huge body of water approximately 200 miles north of Great Slave Lake, easily reached by river from about the halfway mark on the Mackenzie River. Pitchblende ores from which radium can be derived and of which uranium is a by-product were likewise discovered at the same spot. The community of Port Radium was established as a result and in 1933 production started in a grand way. Claims were staked on extensive lead-zinc deposits on the south shore of Great Slave Lake in 1920 but a decision must still be reached as to whether they should be worked.

Like the coal in the Yukon, coal at the mouth of the Mackenzie, near Aklavik, serves strictly local needs. Oil discovered at Norman Wells on the Mackenzie, south of Aklavik, likewise seems destined to meet territorial needs, primarily because of the distance it would have to be hauled to other markets. Territorial needs might prove to be large, however, when the amount of oil which was shipped via pipeline to Whitehorse during the last great war, is considered. Drilling for oil and natural gas continues in the Mackenzie District, notably around Fort Providence and the region west of Hay River. Deposits of copper at Coppermine on the shore of the Arctic Sea have been thoroughly prospected but so far none have been found rich enough to warrant development.

To assist prospectors determine potential mineralized areas in the Mackenzie District, the Department of Mines and Technical Surveys maintains a branch office and library at Yellowknife. The government also sends out geological parties each year to investigate not only the more favorable areas but also to do re-

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Canada's Plans For Its Northern Territories

connaissance work in still unexplored and unmapped sections.

Nickel Mining on Hudson Bay

An important development in the Keewatin District has been the decision of Rankin Inlet Nickel Mines Ltd. to develop the 435,000 tons of ore rich in nickel, copper and platinum which has been known to exist in Rankin Inlet on the west shore of Hudson Bay since 1928. With production expected to get under way there this year, the Canadian Government spent all last summer dredging a channel to Churchill where the ore is to be shipped. In the same region, too, in fact, at Ferguson Lake on the mainland west of Rankin Inlet, International Nickel Co. is diamond-drilling for nickel on a large government concession where it has had to set up an entirely new community, served by air from Churchill, to house the workers and to serve as a base for operations. International Nickel also has found a large deposit of nickel ore a short distance off the Hudson Bay line of the CNR.

A survey of the southern section of Keewatin, made over a period of 113 days by five government geologists, using two helicopters, two years ago, substantiated a previous appraisal made by Don Cameron, noted government prospector, five years earlier, after extensive exploration around Ennadai Lake, that a mineralized area existed west of Hudson Bay. The geologists mapped 57,000 square miles altogether and reported that about 14,000 square miles warranted search for radioactive deposits, that it would be unusual if commercial deposits of gold and other metals did not exist there, and that careful inspection should be made especially for beryllium, columbium, lithium, tantalum and tin.

Other regions of the Canadian Eastern Arctic, including Ungava Peninsula of Northern Quebec, have been explored for minerals by numerous mining companies over the last quarter of a century. Iron ore of low grade has thus been known to exist in abundance on the islands and mainland of the east shore of Hudson Bay for some time. But it is only very recently that a large deposit of iron ore of high commercial grade was discovered in the interior of the Ungava District on the Quebec-Labrador border which Iron Ore Co. of Canada is now about to work.

On Baffin Island, north of Ungava, small and low-grade deposits of mica, graphite and garnet have been discovered at several points along the south and east coasts. Coal has also been found on numerous arctic islands in the region and, while the coal at Pond Inlet in particular, is chemically good, it crumbles easily, making transportation of it difficult. Because of the lack of forests and water power throughout this section of the North, it is likely that whatever use is made of this northern coal will be made in the North itself. Seepage of petroleum on northern Melville Island, above the 75th parallel, about 500 miles north of Coppermine, suggests the existence of oil there, probably similar to that existing in the Mac-

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	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1954	Quotation June 30, 1954	Approx. % Yield Based on Paymts. to June 30, 1954
		— Canadian $ * —		
Niagara Wire Weaving Co., Ltd. — Makes wire mesh cloth, wire weaving machinery, etc.	21	2.50	a37½	6.7
Noranda Mines, Ltd. — Copper & gold producer	25	3.50	73.00	4.8
O'Brien Gold Mines, Ltd. — Quebec gold producer	16	0.02	0.70	2.8
Ogilvie Flour Mills Co., Ltd. — Mills flour, feed, and cereals	52	1.50	32¼	4.7
Ontario Loan and Debenture Co. — Accepts deposits & sells debentures; invests in first mortgages	84	1.10	24	4.6
Ontario Steel Products Co., Ltd. — Automotive springs, bumpers & plastic products	17	1.30	a24	5.4
Page-Hersey Tubes, Ltd. — Industrial pipe & tubing	29	3.00	67	4.5
Paton Mfg. Co., Ltd. — Woolens & worsted fabrics	16	0.80	‡	--
Penmans Ltd. — Woolen, cotton & silk knitted goods	48	3.00	42	7.1
Photo Engravers & Electrotypers Ltd. — Photo engravings, electrotypes, commerical photograhy, etc.	21	1.75	a42	4.2

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 35.

Pickle Crow Gold Mines Ltd. — Ontario gold producer	19	0.10	1.05	9.5
Placer Development, Ltd. — Investment—holding co.—gold interests	22	1.25	29½	4.2
Powell River Co., Ltd. — Largest producer of newsprint on the West coast	17	1.55	34½	4.5
Power Corp. of Canada, Ltd. — A utility holding management & engineering co.	19	2.00	39½	5.1
Preston E. Dome Mines Ltd. — Ontario gold producer	15	0.08	3.52	2.5
Price Brothers & Co., Ltd. — Newsprint & related products	11	2.00	39	5.1
Provincial Transport Co. — Operates coach lines in Quebec & Ontario	18	0.90	16	5.6
Quebec Power Co. — Operating public utility	35	1.20	25½	4.7
Robertson (P. L.) Manufacturing Co. Ltd. — Wide range of screws & bolts	13	0.20	a14	1.4
Royal Bank of Canada — Operates 796 branches throughout the world	86	1.50	46¼	3.2
Royalite Oil Co., Ltd. — Oil production & development	26	0.26	10.62	2.4

* Add 3% to translate into U. S. funds.
a Asked.
‡ Inactive issue. No exchange trading.

Canada – A Wonderful Climate For Investment

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1954	Quotation June 30, 1954	Approx. % Yield Based on Paymts. to June 30, 1954
		— Canadian $ * —		
Russell Industries Ltd. — Holding co.—machine tool int'sts	19	1.00	15¼	6.6
San Antonio Gold Mines Ltd. — Manitoba gold producer	21	0.06	a1.45	4.1
Sangamo Co., Ltd. — Electric meters, motors, switches, etc.	18	1.00	a17	5.9
Sarnia Bridge Co., Ltd. — Steel bridges & related production	12	1.00	a15	6.7
Scythes & Co. Ltd. — Manufactures cotton and wool waste, cotton wipers, etc.	19	1.20	a17¾	6.8
Shawinigan Water and Power Co. — Quebec electric utility	48	1.45	46¾	3.1
Sherwin-Williams Co. of Canada, Ltd. — Paints, varnishes, enamels, etc.	13	3.20	a35	9.1
Sicks' Breweries Ltd. — Beer, ale, stout & carbonated beverages	27	1.40	27¾	5.0
Silverwood Dairies, Ltd. "B" — Full line of dairy products	13	0.60	b10¾	5.6
Slater (N.) Co., Ltd. — Pole-line hardware for power companies; also metal stampings and forgings	17	†0.60	a13¾	4.4
Smith (Howard) Paper Mills Ltd. — Pulp and paper manufacturers in Canada	10	1.00	25	4.0
Southam Co., Ltd. — Publishes seven daily newspapers across Canada; operates 3 radio stations	19	1.55	34	4.6
Southern Canada Power Co., Ltd. — Operating public utility; Southern Quebec	32	2.35	a39½	5.9
Sovereign Life Assurance Co. of Canada — Life and endowment insurance	36	1.75	b64	2.7
Stedman Brothers Ltd. — Wholesale and retail small wares business	20	0.90	a21	4.3
Steel Co. of Canada, Ltd. — Engaged in all branches of steel production	39	1.20	35½	3.4
Sterling Trusts Corp. — General fiduciary business	18	1.45	b30⅛	4.8
Stuart (D. A.) Oil Co., Ltd. — Makes extreme friction lubricants and related products	15	1.00	a15½	6.5
Supertest Petroleum Corp., Ltd. "Vot. Com" — Markets petroleum products in Ontario and Quebec	29	0.80	17½	4.6
Sylvanite Gold Mines, Ltd. — Ontario gold producer	25	0.10	1.12	8.9

* Add 3% to translate into U. S. funds.
† Adjusted for stock dividends, splits, etc.
a Asked.
b Bid.

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Canada's Plans for Its Northern Territories

kenzie River valley and the north coast of Alaska.

The Search for Uranium Ore

In recent years, the region around Lake Athabaska in northern Saskatchewan and Manitoba, immediately to the South of the Mackenzie District, on the water route from Great Slave Lake to Fort McMurray and Edmonton, has been extensively prospected for uranium with great success. Whereas up to a year ago, Canada derived all its radioactive ores from Port Radium on Great Bear Lake, now it appears it will be obtaining considerable additional ore from the new Athabaska mines already in development. Such is the activity in the region, with a host of mining companies looking for ore, that a new community has suddenly sprung up in the middle of the wilderness on the Northwest Territories-Saskatchewan border and appropriately called Uranium City. The Canadian Bank of Commerce has even erected a concrete-block building there to serve as a branch for the area.

The search for uranium also proceeds at numerous other points in Canada, however, around Foster Lake in northern Saskatchewan, as well as along the north shore of the St. Lawrence River near St. Simeon, but especially in the Gatineau Valley, north of Ottawa, from Wakefield to Lake Baskatong and beyond, and around North Bay on Lake Nipissing, north of Georgian Bay on Lake Huron. It was just a little over a year ago that prospectors literally swarmed over North Bay, staking claims in the backyards and home gardens of residents of the town, causing property owners to rush to their deeds to see whether they held title to mineral rights on their own land.

Although the potential water power in the northern territories and the northern portion of the adjoining provinces is very great, not much has been done up to this point to develop very much of it. Consolidated Mining & Smelting Co., Ltd., is generating power at Prosperous Lake, 20 miles from the site of its gold mine at Yellowknife, and the Yukon Consolidated Gold Corp. is doing likewise, on the Klondike River, about 26 miles above Dawson. The government itself has built a power plant on the Snare River to supply electricity to the Yellowknife district and another on the Mayo River to serve the Keno Hill district.

A precedent has thus been established—if one is needed—for the development of additional government power in the event adequate private resources should ever be lacking for needed generating capacity any place in the territories. Very likely, however, government power will never be for the benefit of any one single enterprise but rather for a cluster of industries, for any one of which a hydro-electric project would be entirely out of the question financially.

The Aluminum Co. of Canada's great new British Columbia project is really setting the pace for current interest in private hydro-electric development in the Canadian North. Alcan has constructed a 10-mile tunnel to haul water from lakes on a high plateau on the east side of the coastal mountains down to a huge electric-generating plant near the sea on the west side. It wants this power for the smelting of aluminum at Kitimat—the ancient Indian village on Douglas Channel now being transformed into a large modern city — from aluminum brought up by ship from Jamaica in the British West Indies via the Panama Canal.

Farther north up the coast, Ventures, Ltd., has been making aerial surveys and doing land reconnaissance work along the headwaters of the Yukon to find the best location for a vast hydro-electric plant to generate power for a smelter it wishes to construct in the region to produce not only aluminum but other metals, too, from ores, much of which it also would haul to the region from other parts of the world.

Aluminum Co. of America made the original suggestion to utilize upper Yukon water for the smelting of aluminum by tunneling it —like Alcan has done at Kitimat —through the mountains but, in its case, to Alaska. The Dominion Government turned the proposition down on the grounds it opposed exportation of Canadian water for hydro-power. Canada feels its water power should be reserved for the development of Canadian industries in its own Northwest. Alcoa, however, still hopes someday to obtain Canadian water rights, possibly through an arrangement with British Columbia.

Water Power in the North

It is part of the Ventures plan to make use of the Taku or some one of the other Canadian rivers emptying into the Pacific to haul ores into its smelter and finished metal out from there. Such a course of action naturally fits beautifully into Canadian dreams of developing their own seaport in the country back, that is, east of the Alaskan Panhandle. Along

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some parts of the north end of the Panhandle, the Canadians hold that it is only the glaciers which are blocking direct access to the sea. The glaciers are reported receding, however, and this can't help but stir Canadian hopes along most optimistic veins of thought. The Canadians recognize the problem as being partly a legal one involving U. S. rights along the coast, of course.

The Ventures project may have to go before the Dominion Cabinet itself if territorial water rights are desired. Meanwhile, an associated company, Frobisher, Ltd., has applied for British Columbia rights on the Yukon. Ottawa officialdom, anxious for a smelter in the Yukon-B. C. region to help serve the mineral industry of that entire part of the country, is openly friendly to the Ventures project. It is estimated at Ottawa that a Canadian smelter some place in the region of the Yukon would double the population of the section in no time. In similar vein, it thinks that construction of the much-talked-about railroad to Alaska from B. C., on top of that, would increase the population five times.

Should a smelter and possibly a railroad, too, ever be built to serve a base metal industry at Pine Point, not only would another large community rise on the shore of Great Slave to house and otherwise meet the needs of the people which such developments would attract there but large numbers of other people would be given a reason to settle throughout the Canadian Northwest in general. That is, smelters in the Yukon-B. C. and on Great Slave Lake would have a tendency to encourage the development and growth of secondary manufacturing industries all around. However, erection of a smelter at Great Slave might very well depend upon the discovery of natural gas somewhere in the vicinity. The limited exploration for oil and gas that has been carried out in the district to date has produced only inconclusive results, however.

Upper Yukon water, while holding a potential capacity of around 4 million horsepower of electricity by itself, does not exhaust the water power potential of the Canadian Northwest. Throughout the Yukon Territory and in the Mackenzie District of the Northwest Territories, all the way up to the Arctic Sea, there are numerous other possible water power sites on a very large number of rivers and creeks. At the other end of Northern Canada, too, another potential 4 million horsepower of electricity exists on a single site on the Hamilton River in mineral-rich Labrador, the possibilities of which are being investigated—at the urging of the Provincial Government of Newfoundland—by a British financial syndicate headed by the Rothschilds of London.

A word should also be said about the recent economic developments at Churchill, in northern Manitoba, just below the 60th parallel, on the western shore of Hudson Bay. The terminus of the Canadian National Ry., Churchill has become important not only as a base for northern operations of the Army but also as a great seaport for the shipping of western grain to Britain and Europe. With the use of helicopters to track down sea lanes through ice floes and treacherous icebergs in Hud-

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	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1954	Quotation June 30, 1954	Approx. % Yield Based on Paymts. to June 30, 1954
		— Canadian $ * —		
Tamblyn (G.) Ltd. — Operates chain of 103 drug stores	18	1.80	a40	4.5
Teck-Hughes Gold Mines, Ltd. — Ontario gold producer	29	0.15	2.06	7.3
Third Canadian General Investment Trust Ltd. — Investment trust of the management type	26	0.26	5⅜	4.8
Tip Top Tailors, Ltd. — Manufacturer of fine clothing	20	0.60	a20	3.0
Toronto Elevators, Ltd. — Grain elevators, feed manufacturing and vegetable oils	16	0.80	a14½	5.5
Toronto General Trusts Corp. — General fiduciary business	71	1.40	30½	4.6
Toronto Mortgage Co. — Lends on first mortgages; issues debentures and accepts deposits	55	5.50	a105	5.2
United Amusement Corp., Ltd. "A" — Operates 34 motion picture theatres in Montreal, and other Quebec cities	30	0.65	a11	5.9
United Canadian Shares Ltd. — Holding co.—insurance interests	30	0.70	b12.75	5.5
United Corporations Ltd. "B" — An investment trust of the management type	14	0.65	a14½	4.5

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 35.

Upper Canada Mines Ltd. — Ontario gold producer	15	0.04	a1.05	3.8
Wabasso Cotton Co., Ltd. — Cotton yarns and goods	19	0.85	12	7.1
Waite Amulet Mines, Ltd. — Quebec copper-zinc producer	15	1.40	12.87	10.9
Walker (Hiram)-Gooderham & Worts, Ltd. — Holding co.—extensive liquor interests	19	3.75	59	6.4
Westeel Products Ltd. — Manufactures sheet metal	14	1.40	20¾	6.7
Western Canada Breweries, Ltd. — Serves four western provinces	18	1.00	21	4.8
Westminster Paper Co., Ltd. "B" — Wide range of paper specialty products	22	0.625	16.50	3.8
Weston (George) Ltd. — Fine biscuits, bread, cakes, confectionery, etc.	25	1.00	43	2.3
Wilsil Ltd. — Full line of packing house products	21	1.20	a19	6.3
Wright-Hargreaves Mines, Ltd. — Ontario gold producer	24	0.14	1.66	8.4
Zeller's Ltd. — Operates chain of specialty stores across Canada	14	0.925	26	3.6

* Add 3% to translate into U. S. funds.
a Asked.
b Bid.

Canada – A Wonderful Climate For Investment

TABLE II

LISTED

CANADIAN

Common Stocks

On Which

CONSECUTIVE CASH DIVIDENDS

Have Been Paid From

5 to 10 Years

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1954	Quotation June 30, 1954	Approx. % Yield Based on Paymts. to June 30, 1954
		— Canadian $ * —		
Abitibi Power & Paper Co., Ltd. — Newsprint & allied products	6	1.10	22⅛	5.0
Anglo-Canadian Pulp and Paper Mills, Ltd. — Newsprint & allied products	9	2.00	30	6.7
Argus Corp., Ltd. — Investment co.—manufacturing & merchandising interests	8	0.60	17	3.5
Barymin Co., Ltd. — Prospectus, development and holding co.—gold & other metal interests	7	0.15	1.84	8.2
Bathurst Power & Paper Co., Ltd. "B" — Boxboards, corrugating materials, etc.	6	1.00	25⅛	4.0
British Columbia Forest Products Ltd. — One of the largest producers of timber products in Canada	7	0.40	7⅜	5.4
Brock (Stanley) Ltd. "B" — Laundry supplies, hardware, plumbing supplies, etc.	9	0.40	a6	6.7
Bulolo Gold Dredging, Ltd. — Operates a gold dredging project in New Guinea	7	2.00	6.20	32.2
Burns & Co. Ltd. "B" — Meat, lards, butter, poultry products, etc.	8	2.50	53	4.7
Canada Cement Co., Ltd. — Portland cement	5	3.00	107	2.8
Canada Foils, Ltd. — Oldest and largest foil converting plant in Canada	6	0.40	a11⅞	3.4
Canada Starch Co., Ltd. — Wide variety of corn & other products	5	5.50	a61	9.0

* Add 3% to translate into U. S. funds.
a Asked.

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son Bay, around 30 vessels, laden with Canadian wheat, now depart each shipping season from Churchill against an average of only one or two ships annually prior to 1945.

The Churchill route across the Atlantic is 1,073 miles shorter from Calgary, Alberta, than the Great Lake and St. Lawrence sea lane. A total of nearly 11 million bushels of grain was shipped from Churchill in 1953 and the Canadian Government has announced that the capacity of the grain elevators at Churchill is to be increased from the present 2½ to 5 million bushels, commencing this year. This increase in capacity will make it possible to ship a maximum potential of 20 million bushels of grain there each year.

Another sign of progress and growth in the Canadian North, too, is the fact that two years ago, that is, in 1952, the Yukon-Mackenzie River constituency set up in 1947 was separated to allow the Mackenzie District itself—for the first time—to send its own representative to the Parliament at Ottawa. Only a few months ago—also in recognition of the growing importance of the North to Canada—the name of the Department of Resources and Development, charged with the administration of the territories, was changed to the Department of Northern Affairs and National Resources. Through elected representatives, both the Yukon and Mackenzie Districts of the Northwest Territories help the territorial councils now to formulate policy and arrive at decisions affecting their welfare.

Canada for the Canadians

The authorities take every opportunity to make very clear the point that Canada is for the Canadians. The people of the U. S. are sometimes inclined to look upon Canada mostly as a new and fresh source of certain raw materials, supplies of which, in some cases, may be dwindling or actually not to be found at all in the U. S. itself. But Canadians look at the matter very differently. Canadians not only encourage but seek outside aid, from the U. S. and elsewhere, too, for the development of the Far North, as other sections of the country. However, they expect foreign companies, interested in exploiting Canada's natural resources to settle in Canada so that their enterprises might become thoroughly Canadian. Development could turn out to be relatively slow in the North because of this.

Even so, foreign capital can still find many opportunities for profitable investment in Canada even if it can't be in the driver's seat. Others, that is, will be permitted to share in Canada's good fortune. Circumstances may force Canada to compromise its stand somewhat, just as it has had to do to some extent with Western oil in order to find a market for it. The original idea in Western oil of course was to compel foreign enterprises interested in using it to come to Canada. Now Canada would love the opportunity to develop wide markets in the U. S. Northwest at least for some of its petroleum products.

Obviously, in Canada, the welfare of the entire population—not leaving out the Indians or the Eskimos—comes ahead of all other considerations. Nothing else can explain the reluctance, evident everywhere, to let the economic winds sweep where they will, without restraint. Perhaps it is the combination of the French influence of Old Canada, notably Quebec, strong in its sense of nationalism and zest for life, with the qualities of thrift, determination and enterprise, found in generous measure among the English, Scotch and Dutch and other elements in the population, though not absent among the French themselves, which enables the Canadians, taken as a group, to move ahead with enthusiasm but yet with moderation in the New Canada.

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A Look at Canadian Natural Gas

and also in the Pacific North West in the U. S. A.

These pipe lines carry oil to all parts of Canada from the West coast to Sarnia in the East and are serving different markets in the United States. All this has taken place during the 7½ years to which I referred. The importance of this is emphasized when one realizes that at the time of the Leduc strike Canada was producing less than 10% of her requirements or approximately 20,000 barrels per day. Today we can produce in Canada at the rate of 345,000 barrels per day, or one and a half times what Canada's requirements were at the beginning of 1947.

As a result of this search for oil fairly sizable reserves of natural gas had been established resulting in different companies making application for permits to take gas for sale outside the Province.

The Alberta Government set up what was known as the Dinning Commission to study the natural gas reserves and the future requirements of the Province. This Commission reported in 1948 that there were not sufficient gas reserves established to justify the export of gas. In 1949 the Petroleum and Natural Gas Conservation Board was given—by legislation — the responsibility of hearing applications for permits to take gas outside the Province.

Several applications were made by different companies for permits to export gas. Some wanted to take the gas from the northern part of the Province to serve the West Coast, including the United States Pacific North West; others wanted to take it to the same areas from the Southern end of the Province, and particularly from the Pincher Creek field; others wanted to pipe it East to Winnipeg and South to the United States markets, and still others proposed to build an all-Canadian line to serve Eastern Canada and intermediate points.

As a result of the Petroleum and Natural Gas Board's first hearing in 1950, they found that there were not sufficient reserves established to meet the foreseeable needs of the Province and no general permit was granted. However, the Provincial Government, at the request of the United States authorities through the Canadian Federal Government, granted a permit to the Montana Power Company (as an emergency move) for Anaconda's metal refining operations at Butte, Montana, and a 16 inch pipeline was constructed from Pakowki Lake to the International border, being a distance of about 35 miles. This line was approved by the Board of Transport Commissioners for Canada and by the Dominion Government and also by the Federal Power Commission in the U. S. A. in record time and the line was constructed and put into operation without delay.

The following year the Petroleum and Natural Gas Conservation Board continued its hearings of other applications and found that the established reserves had been built up to 6.8 trillion cubic feet by 1952, and on its recommendation an export permit was granted in 1952 to the West Coast Transmission Company to take gas from the Peace River gas fields to serve Vancouver and intermediate points and on in to the Pacific North West. This permit was reviewed by the Board of Transport Commissioners and approved; the Dominion Government also approved it and application was made to the Federal Power Commission, which, after two years of hearings, ruled against the permit, mainly on the basis that the United States consumers should not be dependent solely on a foreign supply of gas. This, as you all know, was very disappointing, to say the least to those who had made the application and in fact to Canadians as a whole. It is not my purpose as a visitor, nor would it be good taste to criticize or even comment on the decision of the Federal Power Commission. The members of the Commission have a job to do, which at best is not an easy one, and they have made their findings and ruled as they saw fit. The results, however, could be very far-reaching and in any event have emphasized again and brought into focus a question which in my humble opinion is of major importance to these two great nations.

Canadian Gas Reserves Established

Here we have in the Peace River area in Canada established gas reserves in excess of four trillion cubic feet, which have grown very rapidly and are continuing to grow. In the Northwestern States you have a natural market which could be served very economically; now because of man-made barriers this otherwise very natural transaction cannot take place. I am convinced that this is a condition which need not and should not exist.

Oil and gas development, whether in Canada or in the United States, is of great importance to the economy and security

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	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1954	Quotation June 30, 1954	Approx. % Yield Based on Paymts. to June 30, 1954
		— Canadian $ * —		
Canada Bakeries Ltd. — Makes & distributes bakery products in Western Canada	6	0.50	a12	4.2
Canadian Dredge & Dock Co., Ltd. — General dredging; construction & repair work on waterways	5	1.70	63⅞	2.7
Canadian Vickers, Ltd. — Shipbuilding, repairs; also makes industrial & mining machinery	5	1.00	25⅞	3.9
Canadian Western Lumber Co., Ltd. — All types lumber & wood products	8	0.125	a11	1.1
Canadian Westinghouse Co., Ltd. — Airbrakes & large variety of electrical apparatus	9	2.00	68½	2.9
Catelli Food Prod. Ltd. "B" — Macaroni & related products	5	1.15	a30	3.8
Cochenour Willans Gold Mines, Ltd. — Ontario gold producer	8	0.04	0.93	4.3
Consol. Paper Corp., Ltd. — Owns five mills; daily newsprint capacity, 2,479 tons	9	2.13	49½	4.3
Consol. Textile Mills Ltd. — Wholly owned subsidiaries produce nylon & rayon fabrics	6	0.20	6½	3.1
The Corrugated Paper Box Co., Ltd. — Shipping containers & folding containers	8	0.50	a16½	3.0
Disher Steel Construction Co., Ltd. — All types of steel structures	6	0.50	14	3.6
Dominion Steel & Coal Corp., Ltd. — A holding co.—coal, iron & steel interests	9	1.00	11½	8.7
Dominion Tar & Chemical Co., Ltd. — Distiller of coal tar & producer of its derivatives	9	0.40	8¼	4.8
Donohue Brothers Ltd. — Owns & operates a paper mill at Clermont, Quebec	9	1.20	21¾	5.5

* Add 3% to translate into U. S. funds.
a Asked.

Canada – A Wonderful Climate For Investment

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1954	Quotation June 30, 1954	Approx. % Yield Based on Paymts. to June 30, 1954
		— Canadian $ * —		
East Sullivan Mines, Ltd. Produces copper, zinc, silver and pyrite	5	0.50	4.25	11.8
Enamel & Heating Products, Ltd. Stoves, ranges, furnaces, air conditioning equipment, etc.	7	0.40	7	5.7
A. J. Freiman, Ltd. Owns & operates largest department store in Ottawa	9	1.00	b11	9.1
General Petroleums of Canada Ltd. "Ord." & Class "A" Oil well drilling contractors	6	0.20	a5.75	3.5
Great Lakes Paper Co., Ltd. Manufactures newsprint & unbleached sulphite paper	8	1.60	25½	6.3
Great West Coal Co., Ltd. "B" Wholesale distributor of lignite coal	8	0.10	5.50	1.8
Great West Saddlery Co., Ltd. Wholesale distributor of general store mechandise, and riding goods	5	2.00	a23	8.7
Gypsum, Lime & Alabastine, Canada, Ltd. Building materials; gypsum & lime products; industrial chemicals; etc.	8	2.00	40	5.0
Hahn Brass Ltd. Manufactures large variety of metal products	8	1.00	a16½	6.1
Hydro-Electric Securities Corp. Management type investment trust	7	0.30	b5¼	5.7
Industrial Acceptance Corp., Ltd. Purchases acceptances; also small loans and general insurance business	7	2.375	43⅛	5.5
International Paper Co. Holding and operating co.—Operates pulp and paper mills in Canada and the U. S.	9	§†2.84	72½	3.9
International Power Co., Ltd. Holding co., controlling public utilities in Central & South America	6	2.40	91	2.6
La Luz Mines Ltd. Nicaragua gold producer	6	0.10	a1.50	6.6

* Add 3% to translate into U. S. funds.
§Adjusted for Canadian-U. S. rate of exchange. Add 3% to translate into U. S. funds.
a Asked.
b Bid.

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A Look at Canadian Natural Gas

of the Continent as a whole, and it would seem most desirable that some program be worked out between the two countries whereby we could have a free exchange of gas and petroleum and products.

These two great countries, the U. S. A. and Canada, with a 3,000-mile boundary line binding them together, have been an example to the world as to how two great nations can get along in complete harmony side by side, while the rest of the world is being torn by war and strife among themselves. Realizing that this is not only possible but a reality, surely we can go one more step forward in the interest of the security and well being of these countries, by making it possible to use our natural resources in a way that would be most economical and beneficial to the continent as a whole.

In other words, if it is natural and most economical for some of our processed natural resources to flow from North to South or from South to North, surely by some arrangement between the two governments a treaty can be worked out whereby both countries would feel entirely safe in relying on each other for source of supply. I am not suggesting in any way that these two countries should not build up good strong and virile nations, but that as a result of their close relationship and future welfare everything possible should be done to strengthen the ties between them and to make their position more secure.

Well, I am sure that there are those here and elsewhere who would say that I have strayed a long way from my subject, but I feel this matter most important, particularly as it applies to petroleum, natural gas and other natural resources, and suggest that this Association might well give it serious consideration.

Now to return to my subject:

Though the development which has taken place in Western Canada has resulted primarily from the search for oil, natural gas reserves have been built up tremendously during the past few years. The Petroleum and Natural Gas Conservation Board placed the gas reserves in Alberta at 6.8 trillion in 1952; 11.5 trillion in 1953 and conservatively at 13.4 trillion cubic feet in 1954, and has estimated with the present trend an annual increase in the reserves of 1.3 trillion cubic feet per year and this rate appears to have been exceeded already for the present year. Without a market for the natural gas, gas wells have been capped and the development of gas fields discontinued.

Now, however, Trans-Canada Pipe Lines Limited has made application for and has been granted all necessary permits by the Provincial and Dominion authorities to take 4 trillion 350 million cubic feet of gas for export. This gas may be taken at the rate of 183 billion cubic feet per year or 540 million cubic feet per day. Our permits give us authority to build a pipe line from a point in Alberta close to the Saskatachewan border, East as far as Montreal. This project presently involves some 2,200 miles of natural gas pipe line —a 36-inch line from Alberta to Winnipeg, Manitoba, a 30-inch line easterly from Winnipeg north of the Great Lakes to Toronto, with a proposed 24-inch line easterly to Montreal in the Province of Quebec. A 24-inch spur or lateral line is also contemplated from Winnipeg south to Emerson, Manitoba, to serve the Minneapolis area by connecting with the Northern Natural Gas Company presently serving that area.

A number of conditions remain to be fulfilled before the 31st of December of this year and in the main they relate to the satisfying of the various Dominion and Provincial governmental agencies as to the adequacy of financing arrangements. The magnificent cooperation we have received from all these agencies and the very capable testimony of outstanding financial and pipe line experts both in the United States and in Canada leaves me free to assure you that we have every confidence in our ability to satisfy the various requirements before that date.

New Pipe Line Construction

Trans-Canada Pipe Lines is building a 20-inch line from Niagara to Toronto, being approximately 76 miles in length, connecting with the Tennessee Gas Transmission Company at Niagara Falls, N. Y., to supply natural gas to Toronto and surrounding areas. This pipe line, to be completed and in operation by the first of November of this year, is being constructed by our wholly owned subsidiary, Western Pipe Lines. When completed it will be leased to and operated by the Niagara Gas Transmission Company for Consumers' Gas Company of Toronto until our main pipe line project is completed to Toronto and Alberta natural gas is available. The line will then revert to Trans-Canada through Western and will have served the important purpose of developing Ontario markets so that a substantial volume will have been created for the main line when it goes into operation around the first of November, 1956.

Present scheduling calls for commencement of construction on the main line project in the Spring of 1955, with a completion date to Winnipeg and South to Emerson in November of the same year. It is also our intention to extend lines north and east of Toronto during 1955 to serve those areas with available U. S. gas until Alberta gas reaches that area. By this means many areas will be served a year in advance and a much larger market will have been developed. The remainder of the line as presently contemplated will reach Toronto and possibly Montreal by Nov. 1, 1956, making it possible to serve the whole area by that time.

We are fortunate in having secured Mr. Charles S. Coates as our Executive Vice-President and General Manager. He was originally with the Chicago Corporation when they conceived the idea of the Tennessee Gas Transmission system and rose to become its Senior Vice-President before coming with us officially on Aug. 1.

We have contracted with the Bechtel, Mannix, Hester group to carry out engineering, designing and procurement for the Trans-Canada project, as well as the supervision of construction. Backed by the resources of the parent companies this group represents an unrivalled combination of pipe line and construction experience which we feel will enable completion of this gigantic task within the time limits. At present detailed studies of domes-

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The Canadian Natural Gas Situation

tic, commercial and industrial markets and applicable rate schedules are nearing completion. Aerial photographic surveys have been completed of the entire proposed route. Right-of-way and survey work has commenced and everything that can be done to speed the construction of the main line is being done. The keen interest, both by the general public, utilities and industry in the area to be served by the line, makes us feel most optimistic concerning the overall project.

The effect of our program on the oil and gas industry is clearly noticeable. An available market for the gas will result in accelerated drilling, exploration and development in all fields of the oil and gas industry. Gas areas are now being intensively explored and developed in anticipation of gas export. Fields set out in the Alberta Petroleum and Natural Gas Conservation Board permit for export will be carefully developed. Since oil and gas, with rare exceptions, are found in the same formation, the oil producer now finds himself for the first time with a potential market for the gas used to "lift" his oil, or gas inadvertently discovered instead of the oil initially sought. Now faced with an opportunity to liquidate what formerly might be considered a frozen asset, he is encouraged to broaden his exploration and development program. Already the estimated reserves of natural gas to be discovered for 1954 have been exceeded and the tempo is increasing.

The effect of this project which makes a market available for the gas will be tremendous insofar as industrial development is concerned. Plants in addition to those referred to previously will be built in Alberta and industrial development all along the line will be stimulated in the other Provinces. Millions of homes throughout Canada will be served with natural gas, a fuel which provides many comforts and conveniences not otherwise available.

It is well to remember that all of this progress to which I have referred and the accompanying blessings which we enjoy are not due alone to the great abundance and variety of natural resources with which we were blessed in this goodly land, but to a very great extent to the willingness of our forefathers to work and toil and to conform their actions to divine law. Our earliest American fathers came here with a common objective — freedom of worship and liberty of conscience. It was all done under free and competitive enterprise, with little or no controls, and in the belief that that government is best which governs least.

It is true that the rapid and extensive oil and gas developments naturally led to the establishment of regulatory boards in the interests of good production practices and conservation. However, my experience in government convinces me that if and when these original aims are replaced by unnecessary regulations or "regulations for the sake of regulations" we are stifling the basic concept of free trade and private enterprise.

It is important to our future progress in every field of endeavor that we uphold our individual and competitive enterprise system at all costs and that we do not let ourselves gradually drift

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Canada – A Wonderful Climate For Investment

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1954	Quotation June 30, 1954	Approx. % Yield Based on Paymts. to June 30, 1954
		— Canadian $ * —		
Laurentide Acceptance Corp. Ltd. "B" — Purchases installment sale contracts	7	0.65	a19½	3.3
Lewis Bros., Ltd. — Wholesale hardware trade in Eastern Canada	9	0.60	a10½	5.7
Macassa Mines, Ltd. — Ontario gold producer	6	0.08	1.65	4.8
MacLeod-Cockshutt Gold Mines Ltd. — Ontario gold producer	6	0.10	2.20	4.5
Maple Leaf Gardens, Ltd. — Owns & operates Toronto sports arena of same name	9	1.25	a20	6.3
Maple Leaf Milling Co., Ltd. — Grain handling; flour milling; operation of bakeries, etc.	9	0.50	a8¾	5.7
Massey-Harris Co., Ltd. — Complete line of farm implements and machinery	9	0.60	7¾	7.7
Mersey Paper Co., Ltd. — Newsprint and related products	6	1.00	a95	1.1
Midland & Pacific Grain Corp., Ltd. — Deals in grain and operates line elevators in Western Canada	9	1.04	a21	5.0
Milton Brick Co., Ltd. — Makes first quality face brick	5	0.075	2.25	3.3
Mining Corp. of Canada, Ltd. — Holding, exploration & financing company	6	1.00	15.12	6.6
Minnesota and Ontario Paper Co. — Newsprint, specialty papers and other timber products	8	§1.94	36¼	5.4
Mitchell (Robert) Co., Ltd. — Brass, bronze, nickel and other metal products	7	1.00	16	6.3
Modern Containers Ltd. — Makes tube containers for tooth paste, shaving cream and other semi-liquid products	7	1.00	a15	6.7
Montreal Locomotive Works, Ltd. — Diesel-electric locomotives and related production	9	0.80	a16	5.0

* Add 3% to translate into U. S. funds.
§ Adjusted for Canadian — U. S. rate of exchange. Add 3% to translate into U. S. funds.
a Asked.

Canada – A Wonderful Climate for Investment

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1954	Quotation June 30, 1954	Approx. % Yield Based on Paymts. to June 30, 1954
		— Canadian $ * —		
Montreal Refrigerating & Storage Ltd. — Operates general & cold storage warehouse in Montreal	9	1.00	b40	2.5
McCabe Grain Co., Ltd. "B" — General grain dealings	8	0.60	b17	3.5
Newfoundland Light & Pow. Co., Ltd. — Operating public utility	6	1.20	25¾	4.7
Normetal Mining Corp., Ltd. — Quebec copper and zinc producer	9	0.26	3.05	8.5
Pamour Porcupine Mines Ltd. — Ontario gold producer	6	0.03	0.65	4.6
Pressed Metals of Amer., Inc. — Bushings, bolts, bars, etc.	6	§†0.85	11⅞	7.2
Quinte Milk Prod., Ltd. "B" — Wide variety of milk products	6	0.20	b3.65	5.5
Robinson, Little & Co., Ltd. — Wholesale and retail merchandising of dry goods and variety store lines	7	0.80	11½	7.0
Rolland Paper Co., Ltd. — High-grade bond writing pap and related products	5	1.25	a35	3.6
Silknit Ltd. — Lingerie, swim suits and other rayon products	7	1.00	a19	5.3
Silver Standard Mines Ltd. — Zinc, gold, silver and cadmium production	5	0.09	a0.80	11.2
Stadacona Mines (1944) Ltd. — Quebec gold producer	7	0.02	0.26	7.7
Standard Paving & Materials Ltd. — General paving contractor	7	1.375	23¾	5.8
Sullivan Consolidated Mines, Ltd. — Quebec gold producer	6	0.19	3.45	5.5
Taylor, Pearson and Carson (Canada) Ltd. — Holding co.—interests in automotive and household appliances	8	0.70	10¼	6.8
Thrift Stores Ltd. — Operates chain of 73 grocery stores	9	†1.24	32½	3.8
Toronto Iron Works, Ltd. — Steel plate products & special metals	9	1.05	23⅝	4.4
Traders Finance Corp., Ltd. "B" — Purchases installment sales obligations	8	2.20	37	5.9
Union Gas Co. of Canada, Ltd. — Production, storage, transmission and distribution of national gas	6	1.40	39⅜	3.6
United Steel Corp., Ltd. — Steel plate and welded steel products	9	1.00	a12⅜	8.1
Ventures Ltd. — Holding, investment, promotion, exploration and development co.	6	0.30	17.25	1.7
Viau Ltd. — Biscuits and confectionery	8	3.00	ns	--
Western Grocers Ltd. — Wholesale grocery business in Western Canada	5	1.00	a89	1.1

* Add 3% to translate into U. S. funds.
§ Adjusted for Canadian-U. S. rate of exchange. Add 3% to translate translate into U. S. funds.
† Adjusted for stock dividends, splits, etc.
a Asked.
b Bid.

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The Canadian Natural Gas Situation

into a state of government control and finally government ownership.

As I said before, we are living in a free country where men can choose their lives and what they'll be and not where every youth is told what to do and when to do it. This is our heritage which was left to us by those old pioneers who went before us; they have left us a great heritage and they have thrown to us the torch. We, as individuals, have a great responsibility to help our youth to appreciate and not take for granted these great blessings and opportunities, and it is also the responsibility of each and every one of us to go forward always determined to do our part to preserve our liberty and freedom and to uphold our Christian way of life by living what our fathers were prepared to fight and die for.

May we all have the vision and the courage necessary to stem the dangerous trends in the world today and dedicate our every effort to liberty and freedom and to the building of a God-fearing nation.

Graham Again Heads Louisville S. F. Comm.

LOUISVILLE, Ky. — Thomas Graham, President of The Bankers Bond Co., Inc., has been elected

Thomas Graham

to his sixth one-year term as President of the Louisville Sinking Fund Commission.

Gies President of Phila. Secs. Ass'n

PHILADELPHIA, Pa. — The Board of Directors of the Philadelphia Securities Association has elected James T. Gies President of the Association to serve out the balance of the term of Raymond E. Groff who is retiring from the securities business because of ill health.

Mr. Gies, who was formerly Vice-President of the Association, is connected with Smith, Barney & Co. Mr. Groff was associated with Brown Brothers, Harriman & Co. He will continue as a member of the Association's Board of Directors.

At the same meeting, Mr. Groff was elected an Honorary Member of the Association, effective Dec. 1, 1954, the date of his retirement from business.

Form Selected Secs.

SALT LAKE CITY, Utah—Selected Securities, Ltd. has been formed with offices in the Atlas Building to engage in a securities business. Partners are Dail H. Bennett, George E. Bridwell, Grant M. Christensen, Richard H. Schubach and Robert M. Schubach.

Bank and Insurance Stocks

By ROBERT CHANT

This Week — Insurance Stocks

Much publicity has been given to the 100-point move (approximately) made by the Dow-Jones Industrial Average since reaching its "low" of 255.49 just about a year ago (Sept. 14, 1953). While it has been noted in many quarters that the 30 Dow-Jones "Industrials" represent a very small percentage of the hundreds of industrial stocks listed on the New York Stock Exchange, this "blue chip" average has many disciples among investors.

While insurance shares have received much fewer front-page notices, it is interesting to note how a very representative group of fire and casualty stocks have fared during the last year. The 30 companies listed below are among the largest in the industry, and actually have outstanding somewhat more than 45,000,000 shares of stock, or 75% of the approximately 60,000,000 shares currently available for public investment. The equities have been arranged in three groups based on the primary type of business done.

PERCENT INCREASE IN MARKET PRICE
SEPTEMBER 27, 1954 OVER SEPTEMBER 14, 1953

Fire Insurance	%	Casualty Insurance	%	"Multiple Line" Ins.	%
Aetna Ins.	38	Aetna Cas.	58	Continental Ins.	38
American Ins.	23	American Auto.	47	Employers' Group	48
Fire Assoc.	16	Amer. Re-Ins.	50	Federal Ins.	31
Great American	29	Amer. Surety	30	Fidelity-Phenix	38
Home Ins.	21	General Reins.	52	Fireman's Fund	38
Nat'l Fire	59	Maryland Cas.	55	F'men's Ins. (N.J.)	54
Nat'l Union	31	Mass. Bonding	39	Glens Falls	38
Phoenix Fire	34	New Amsterdam	20	Hartford Fire	42
Springfield	25	Std. Accident	61	Ins. Co. of N. A.	49
U. S. Fire	32	U. S. Fid. & Gty.	43	St. Paul F. & M.	41
Average	31	Average	46	Average	42

Both the casualty insurance companies and the "multiple line" companies (those doing both fire and casualty business) have actually outmoved (on average) the 41% increase in the Dow-Jones Industrials. Because of the substantial improvement in earnings reported by the casualty companies since automobile liability and property damage insurance once again became profitable about a year-and-a-half ago, there has been widespread buying in these equities. The "multiple line" companies not only have enjoyed the sizable betterment in casualty results but are still being bought by institutional investors for the very long term. Although declining premium rates and increased competition may have some detrimental short term effect on the earnings potential of those companies writing the largest proportion of their business in fire insurance proper, the 31% gain in price for the fire companies was far greater than for the large majority of listed securities and also reflects the continued interest of sophisticated investors in long term capital appreciation.

One major stock casualty company which was omitted from the table above because of its specialized character is the Continental Casualty Company of Chicago whose stock has enjoyed a 116% increase in price since Sept. 14 of last year! Continental Casualty did 57½% of its 1953 business in accident and health insurance which has been among the most profitable and fastest growing coverages written by the insurance industry. Furthermore its 39% interest in the Continental Assurance Company and 65% ownership of the U. S. Life Insurance Company has given it a strong toehold in the life insurance industry where recent capital gains have been relatively fantastic.

Noted below are 16 major life insurance companies and the percentage gains realized marketwise in their stocks during the last year.

PERCENT INCREASE IN MARKET PRICE
SEPTEMBER 27, 1954 OVER SEPTEMBER 14, 1953

Aetna Life	93%	Life & Cas. of Tenn.	35%
Colonial Life	110	Life Ins. Co. of Va.	57
Conn. General	87	Lincoln National	96
Columbian National	68	Monumental Life	57
Continental Assur.	72	Nat'l Life & Acc.	56
Franklin Life	141	Southland Life	118
Jefferson Std.	69	Southwestern Life	96
Kansas City Life	71	Travelers Ins.	94
Average			83%

Several factors seem to have played a part in the spectacular skyward push of life insurance stocks recently. The sudden realization of investors generally that equities representing the life insurance industry have special tax advantages, the continued substantial growth in policy sales, the great publicity given to the increasing longevity of man—each of these and, perhaps the most important reason of all, the extremely limited supply of stock available in the market, helped give life insurance shares their remarkable record pricewise.

The sharp capital appreciation of practically all insurance company shares seems also to reflect their growing reputation as conservative media of investment. Pension funds, investment trusts, savings banks, trustees acting under the "prudent man" rule, all of these and other types of institutional investors have been substantial buyers of blue-chip common stocks, of which equities representative of the insurance industry have been most popular.

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The Outlook for Uranium Mining

use of nulcear fuel for production of industrial power.

First, let us consider the defense program. The importance of atomic weapons in military planning is recognized and accepted by everyone. The awful destructive power of these weapons is such that there should never be another world war. At present the best insurance against such a catastrophe is strength. As long as world conditions remain as they are, it is safe to assume that the development and production of atomic weapons will not be curtailed or cut back until the United States reaches "full strength." What that is and when it will be reached, I do not know.

I do know that the huge expansion authorized by Congress in 1952 has not yet been completed. Uranium requirements to feed these plants continue to rise.

Our domestic uranium ore buying schedule is guaranteed through March 31, 1962. This does not necessarily indicate an end date. This program has had earlier termination dates—first in 1951, then extended to 1954, then to 1958, and now to 1962. While no definite commitment can be given, there well may be further extensions of the guaranteed market under the defense program.

Now let us take a look at the prospect for a commercial market.

Nuclear Energy for Producing Electricity

The use of nuclear energy to produce electricity involves merely a matter of transferring reactor heat to a steam boiler and using the steam in a turbine connected with a generator. This has been demonstrated and there is no question about building large power units on the basis of present technology. Just this month construction was started on an AEC sponsored 60,000 KW experimental plant which will use a reactor developed by Westinghouse. Duquesne Light Company of Pittsburgh, Pennsylvania, is participating financially and will feed the electricity generated into its distribution system. The problem of industrial application is one of economics — of producing power at a cost comparable with that generated from conventional fuels.

Studies by the Commission, and by large industrial firms working on the problem, indicate that within 10 years nuclear power will be competitive, at least in high cost power areas. Information and experience in constructing and operating the first plants soon should lead to improved design and technology and lower capital and production costs.

Plants built after 1965 may produce power at costs in the range of five to seven mills per kilowatt hour—at least that is the target of the companies engaged on development work. If this goal is achieved, nuclear energy will become an important factor in the production of electricity and uranium will be the fuel for many future generating plants.

The mining industry is interested in knowing how much uranium will be required by the power industry and when the demand is likely to become important. The industries concerned with nuclear power development are interested in knowing whether there will be an adequate supply of uranium and at what cost.

Investment Required by Long-Range Atomic Power Program

The long range atomic power program now under development eventually will require the investment of billions of dollars in plants. Otherwise, there would be no point in spending tens of millions for development and construction of experimental power reactors. For such a program there should be reserves of nuclear fuel sufficient for at least 100 years.

In considering this program from the standpoint of a market for uranium, it might be well to begin with the power industry. Installed generating capacity in the United States is now approximately 100 million kilowatts of electricity. Europe, outside Iron Curtain countries, has about the same capacity. The rest of the world may have 50 million kilowatts, of which 12 million are in Canada. The total capacity being considered is, therefore, about 250 million kilowatts.

According to the power industry and other authorities, power consumption in the United States is expected to double about every 15 years. This also applies to Europe and probably to the rest of the world. How long such a rate of growth will continue is a question. Growth over the last 30 years has been at an even higher rate. For the last four years new generating capacity in the United States has averaged about 8 million kilowatts per year.

According to these figures, by 1970 the annual increase throughout the Free World may be 20 to 30 million kilowatts. Beginning in 1965, or perhaps earlier, nuclear equipment is expected to be used for some of the new commercial power plants. In examining the outlook for nuclear power, a study made for the Commission assumes that nuclear power capacity in the United States may be 12 million kilowatts by 1970, 42 million by 1980, and 100 million by 1990. If these figures are reasonable for the United States, they should be doubled or tripled to arrive at world capacity.

What would this mean in terms of a uranium requirement? The inventory requirement for 1,000,000 kilowatts of electrical capacity is estimated at 600 tons of uranium. This uranium would fill the reactors and provide the material in chemical processing and fuel fabrication plants, and in the "pipelines" between them.

If we assume that the uranium will have to be discarded when only 2% has fissioned, or burned up, to operate the 1,000,000 kilowatts of electrical capacity would require about 50 tons of uranium annually as replacement. With a 3% burn-up, the annual replacement would be 33 tons; with 10% burn-up only 10 tons of uranium would be required; and if the burn-up could be increased to 20% the annual requirement would be only five tons. The 2% figure may be too pessimistic but the high fuel efficiencies may be many years away. The material required for inventory, however, is not likely to be reduced but may be increased, depending upon the type of reactor.

When nuclear capacity reaches a total of 100 million kilowatts, which for the Free World may be near 1980, about 5,000 tons of uranium will be required annually for replacement on the basis of 2% burn-up. By that time, if new capacity is being added at the rate of 15 million kilowatts per year, annual uranium requirements for reactor inventory will be 9,000 tons. These assumptions indicate a world commercial market for uranium metal of about 14,000 tons a year by 1980.

However, these assumptions make no allowance for the possibility that nuclear plants might replace existing steam plants using high-cost coal. This is a definite possibility in Europe and even in some areas of the United States. Most European industrial countries are short of conventional fuels. Coal costs as much as $15 a ton, as compared with an average of $6.50 per ton to the power industry in the United States.

A million kilowatts of electrical capacity consumes about 2,500,000 tons of coal a year. This is the job that may be done with 50 tons of uranium and, eventually, with much less.

Furthermore, we have been considering only central generating plants and the pattern of past power development. Nuclear power will soon operate a submarine. It may eventually be used on many ships, naval and commercial. It is within the realm of possibility to build for certain special uses a power plant, with sealed-in nuclear fuel, that will need no refueling for the life of a ship.

Importance of Cheap Power

In the past, industrial development has been influenced by availability of cheap power. Cheap power has been available only in areas tributary to low cost fuel or near hydroelectric projects.

If nuclear power plants can produce cheap power, they can produce cheap power anywhere water is available for condensers. Nuclear fuel can be transported by air to any part of the world and the transportation costs would have no measurable effect on the cost of the power. We can only speculate upon the revolutionary changes which may accompany the development of this new industry.

It has been the history of all major developments that early forecasts of growth and importance have been too conservative. This may be true for nuclear power. I have indicated that the industrial market for uranium metal might be about 14,000 tons a year by 1980. As a market forecast this may be too pessimistic. Once power costs can be brought near five mills per kilowatt-hour, the industry should grow rapidly. The experimental reactors to be completed within the next four or five years under the Atomic Energy Commission's industrial power program are expected to provide some of the answers.

Assuming that the nuclear power industry will require 14,000 tons of uranium metal a year by 1975 or 1980, what is the outlook for meeting this requirement, and at what price? Fourteen thousand tons of uranium metal is roughly equivalent to 17,000 tons of uranium oxide, U_3O_8.

On the basis of our present knowledge of Free World uranium resources, a production rate of 17,000 tons, or even more, should be available at a price of not more than $10 a pound. This would be the price in terms of today's dollar for uranium oxide in a high grade concentrate. Much of this production might be sold profitably at less than $10. Under the defense program, contracts for uranium concentrates are negotiated on the basis of production costs, including amor-

tization, plus a reasonable profit.

Sources of the type now supplying the defense program might support a production rate of 17,000 tons or more for many years. This assumes that new deposits will be found to replace those mined out. The development of other new large producing areas, areas like the Colorado Plateau or the South African Rand, would add greatly to the production potential.

Uranium Reserves for Future

For the more distant future there are vast uranium reserves in low grade phosphate and shale deposits. By-product uranium production from the phosphate industry, which already has commenced, will grow in importance. However, if low grade phosphate and shale deposits are worked primarily for uranium, the cost of the uranium may be from $30 to $50 per pound. By the time this material is needed burn-up efficiency and "breeding" may have improved the utilization of nuclear fuel so that 10 tons of uranium, or even five, will be doing the work of 50 tons. Thorium also may become an important nuclear fuel.

There is no doubt about having sufficient nuclear fuel for the future power industry.

The first production of commercial power from nuclear fuel is expected between 1960 and 1965. However, the uranium requirement for these operations will not be important. If uranium production is to be maintained at the defense program level, it will be necessary to continue defense buying at a relatively high rate or to stockpile until 1975 or 1980, or even longer. Either or both of these programs are possibilities.

Defense requirements have continually expanded. In addition to atomic weapons, nuclear power plants are being developed for naval vessels, airplanes, and for Arctic bases. Stockpiling of any surplus uranium production certainly should be considered in view of its military and industrial importance.

The immediate need is to carry out the defense program. This requires the support and cooperation of the mining industry. Uranium production under the defense program can be a profitable business. The growth of the mining and milling operations, and the private capital that is being invested in these operations, are ample proof of that statement. Not only can normal mining profits and return of capital be obtained during the defense program, but these operations undertaken for defense will have the opportunity to furnish the fuel for a new power industry. There is no doubt about the future importance of this new industry — only its timetable is still uncertain.

Securities Salesman's Corner

By JOHN DUTTON

Casting Around for New Clients? This May Help You

Based upon the conclusion that has been proven accurate in advertising securities many times when it has been attempted, I would concur that there is a magic pulling power in "local securities," providing that the company in question has a good reputation and a favorable outlook. There is a psychological reaction favorable to "home folks," home merchandise, and anything with which people have become familiar. You can break down considerable sales resistance by advertising a well known and highly regarded local product, whether it is merchandise of any kind as well as securities.

If you operate in a growing area and your power and light company has a good record and a fine future (which it probably does) then advertise the shares of that company. Identify yourself with that company, obtain some accurate facts about local people, or suggestions from the management as to the future plans of the company and write some human interest copy along this line, meanwhile stress the opportunity for sharing in the growth of your own home town through an investment in the local power company. Such ads if continued and properly written, with an offer of information through a coupon, should produce qualified leads.

If there are any other local companies that are prospering and that have a good record, also use them as lead producers. The purpose of financial advertising is two-fold: Identification, and the securing of leads for the sales force. I believe that identification advertising can be combined with the sort of copy that produces inquiries. I have often heard it said that when an ad doesn't produce inquiries it is called institutional advertising. Put coupons on your ads and offer free booklets, information, reports; or just tell your readers that if they want to buy some of the stock offered ot have a representative contact them. I believe in ads that have a "hook" on them. You can't produce inquiries unless you offer an interesting proposition and make it as convenient as possible for the reader to reply. What makes a customer is often a very hard matter to determine, but you have to meet a prospect first.

Triple Return Cards

In this connection, if you have an attractive local security, it is advisable to use a triple return card. On the perforated third which carries the return address on one side, and the name of the party making the inquiry on the other, your typist can insert the prospect's name. The middle card carries the message you wish to send (on the same side of the three way folder as the return address) and above that, the top third of your mailing can be used for the heading of your message. In the top right hand corner of this card a space large enough to fit the address should be cut out of the card so that when the mailing is folded it can be used both as an address when you send it, and it is already imprinted with the name of the recipient when they return it to you. This may sound rather complicated but your printer will understand I am sure. Such a mailing on local growth situations should be productive of interested inquiries if sent to doctors, dentists, lawyers, and other select lists in your home community.

Remember — when you meet someone from your home town you no longer feel like a stranger. One of the best ways to break initial sales resistance is to travel familiar territory.

With Dean Witter

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Richard H. Thornburgh and Sam H. Husbands, Jr. have been added to the staff of Dean Witter & Co., 45 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government market is taking in stride the new money-raising operation of the Treasury as well as the competition it is still getting from corporates, tax free obligations, and mortgages. Despite the pressure which has been on the long-term governments because of the higher yields which are available in non-government securities, there has been some important purchases of the most distant Treasuries by institutional investors. There has been no inclination to step up quotations in order to get bonds, yet on the other hand, there has been no backing away when securities have come into the market.

The 1⅝% note due May 15, 1957, fits well into the picture and the deposit banks have the funds to take on these securities. At the same time, the Treasury by keeping the new money offering in the near-term classification has left the rest of the money market pretty much to those that have long-term issues to offer, such as the corporate and tax free group.

Credit Ease Policy Keystone

The Treasury, through the sale of a two-year, seven-month 1⅝% note, has again kept pretty much to the pattern which has been in effect in the money market. By offering a security which appeals mainly to the deposit banks and other investors who must have obligations that do not have too long to run, the way is still left open for the sale by others than the Federal Government of issues that can have a beneficial effect upon the economy.

Even though the business picture appears to be holding its own at the present time, there is no evidence yet that the monetary authorities are going to make any important changes in policy, because there is no desire to do anything in the money markets that might have an unfavorable influence upon the trend of economic conditions.

Token Long-Term Offering Still Expected

By making the new money issue attractive to the commercial banks there will be created new deposits, which are purchasing power, and in this manner a bit of a lift will be given to the economy. Even though the Treasury is very much in favor of extending the maturity of the Federal debt, there has been only one issue with a due date of more than eight years since the Administration took office. This was the 30-year 3¼% of 1978/83, which was put on the market on May 1, 1953.

There seems to be quite a substantial following among specialists in the money market that a token issue of long-term bonds will be in the next financing of the Treasury. Whether this will be for new money or for refunding purposes (which is the only way in which the maturity of the debt is really extended), does not appear to be a point of concern because it is believed that the money market will be given some additional help by the powers that be if there is to be an offering of long-term government bonds.

Less Competition for Treasuries Seen

It is believed in some quarters that the offering of corporate bonds will tend to taper off in the future and the demand for mortgage money also will not be so heavy as it has been. Under such conditions an issue of long-term government bonds would be most welcome, since investors would have funds that could be put to work in such an obligation.

If the flotation of corporate bonds and tax-free issues should lessen and the demand for mortgage money should decrease as some think it will, there would be an increase in purchases of the outstanding long-term Treasury bonds. This would push up prices of the outstanding marketable government bonds, and since the monetary authorities evidently do not want quotations to move too far in either direction, it would be an opportune time to bring out a long-term government bond for market control purposes.

Telephone Financing Aided

The offering of a 31-month note by the Treasury had a beneficial effect upon the corporate bond market, especially as far as the big flotation of American Telephone bonds was concerned. This was the largest competitive corporate offering which the market has had to contend with and it went so well that it was an immediate success. If the Treasury had come into the money market for long-term funds in the new money raising operation the large offering of telephone bonds would probably not have been as well received as it was and the price would most likely not have been as favorable to the company.

Even though the tax-free issues have not been in short supply, and the future offerings are not on the small side, the sizable offering of Kansas Turnpike bond was reportedly well taken. Here again, is an example of how the money market has been helped by the short-term new money financing of the Treasury.

La Salle St. Women To Hear at Dinner

CHICAGO, Ill.—La Salle Street Women will hold a dinner meeting at the Chicago Bar Association on Oct. 13, 1954.

Mrs. Mildred Roscher, color stylist for the Sherwin-Williams Company, will address the club. Her topic will be "Color for Living."

Mrs. Aleta R. Kitchen, Vice-President, will preside.

W. H. Doxey Opens

SALT LAKE CITY, Utah — William H. Doxey is engaging in a securities business from offices at 326 East South Temple under the firm name of Doxey Investment Company. Mr. Doxey was previously associated with Renyx-Field & Co.

W. D. Ganter Opens

CALDWELL, N. Y.—William D. Ganter is engaging in a securities business from offices on River Edge Drive.

Karl J. Panke Rejoins Lehman Brothers

Lehman Brothers, 1 Wall Street, New York City, members of the New York Stock Exchange, announced that Karl J. Panke has rejoined the firm in its Municipal Bond Department. Mr. Panke has been in the investment banking business for the past 26 years and had been associated with Lehman Brothers for six years until October, 1953 when he became a Vice-President of Blair & Co. Incorporated.

Karl J. Panke

Harley A. Degen Sec. Of Inv. Diversified

MINNEAPOLIS, Minn.—Harley A. Degen, who has been on the legal staff of Investors Diversified Services, Inc. since 1945, has been elected Secretary of IDS, the company announced.

Mr. Degen succeeds Harry T. Newcomb, who has resigned in order to resume the general practice of law in Chicago, Illinois, with the firm of Crowley, Sprecher and Weeks. Mr. Newcomb was general attorney for The Chesapeake and Ohio Railway Company before coming to IDS in 1951.

Form Security Uranium

PROVO, Utah—Security Uranium Service, Inc. has been formed with offices at 290 North University Avenue. Officers are George W. McLennan, President, Thomas W. Taylor, Vice-President, Leon M. Frazier, Secretary, and Thomas J. Norton, Treasurer.

Forms T. J. O'Connor Assoc.

WASHINGTON, D. C.—T. J. O'Connor & Associates has been formed with offices at 1526 Connecticut Avenue, N. W. to conduct an investment business. Partners are Thomas J. O'Connor and Ward D. Jarrett.

LETTER TO THE EDITOR:

Mr. Shull Again Takes Issue On Gold Price Question

Connecticut State Chairman of Gold Standard League objects to views of Ernest R. Gutmann expressed in article, entitled, "A Plea for Monetary Restoration," in Sept. 2 issue of the "Chronicle."

Editor, Commercial and Financial Chronicle:

The article by Ernest R. Gutmann in your issue of Sept. 2, entitled "A Plea for Monetary Restoration," is evidently intended to promote an increase in the official price of gold—which would be as ruinous a move as our government could possibly make. In your foreword, summarizing the Gutmann article, you say: "Dr. Gutman . . . advocates increasing the official price of gold to offset loss of purchasing power of the dollar"; and that, according to Dr. Gutmann, "either the price of gold must go up or the level of prices go down."

Frederick G. Shull

As to the second statement above quoted, what could possibly be wrong if, to some extent, prices were encouraged to "go down"? For we are, today, operating at the highest "level of prices" ever known in the entire history of this nation — something that is particularly burdensome to the millions of fixed-income people throughout the country. Must we regard the New Deal dishonest tampering with the age-old "value" of the Dollar, in 1933, as having resulted in an "ideal" level of prices from which there can be no easing off?

And as to his advocating "increasing the official price of gold," Dr. Gutmann, an economist, must surely know that the dollar-price of gold cannot be increased without its, automatically, reducing the "value" of the Dollar, itself; and that such action by our government would be bound to result in further "loss of purchasing power of the dollar." Why, the reduced purchasing power of the dollar that we are experiencing today is not due to gold's being presently priced too low—it is due to the fact that we are suffering, as we have been for years, from the 41% "devaluation" of the dollar that took place back in 1933 and '34; and any further devaluation of the dollar could only produce like results. Here are some facts which will bear out my statement:

The raising of the official price of gold from $20.67 to $35 an ounce, in 1934, means that it now takes 70% more dollars to equal the same gold-value as it did before that "devaluation"—35 to do what $20.67 used to do, or 70% more dollars. Now it so happens that that is just about the degree of inflation that we have experienced all along the line since 1934: we pay $2,000 for what used to be a $1,200 automobile, or about 70% more dollars; $20 for a $12 pair of shoes; 25c for a 15c quart of milk; 5c for a 3c newspaper—and so on for almost everything we buy. And if we were to raise the official price of gold again, it would be bound to have the effect of causing prices to skyrocket further, rather than "stabilizing" them at present levels. Following are the views of a few "experts" on this subject:

Since we, in theory, regard the Dollar as being worth 1/35th of an ounce of gold (and which it is *actually* worth in our dealings with foreign banks and nations), we cannot raise the official price of gold without its, automatically, "raising the denomination of our coin'"— a dishonesty which the world's greatest economist, Adam Smith, clearly defined as the "most usual expedient by which a real public bankruptcy has been disguised under the appearance of a pretended payment."

In 1792, Alexander Hamilton, Secretary of the Treasury under President Washington, was instrumental in establishing the official price of gold at $19.39 per troy ounce (resulting from their assigning the Dollar a "value" of 24.75 grains of gold), which "value" was never disturbed for the next 40 years, and then only slightly, in order to adjust the gold-silver inter-relationship from its original "15 to 1" to "16 to 1"—and not done for its having any bearing on commodity prices in general. And the official price of $20.67 an ounce, put into effect in 1837, was never tampered with until the New Deal took over in 1933, abandoned the age-old principles of the Gold Standard, and started "playing by ear."

In 1834, Daniel Webster gave support, indirectly, to the correct theory that there should be an unchanging official price of gold, in his published address before the U. S. Senate, which carries the title "A Redeemable Paper Currency." Mr. Webster said: "I know, indeed, that all paper ought to circulate on a specie basis; that all bank-notes, to be safe, *must* (my underscoring) be convertible into gold and silver at the will of the holder." Now, how could we possibly have an honest "redeemable paper currency" unless our paper-dollars, so issued, are "redeemable" on a definite basis—such as at a definite weight of gold per dollar? To do otherwise would be like having a yardstick that would be permitted to vary up and down from 36 inches; or a pound, *avoir dupois*, that wizards of economic trickery could shift up or down from the real standard of 7,000 grains per pound.

John Sherman, one of the founders of the Republican Party in 1854, and chief architect of the "Resumption Act of 1875" which restored our currency to redeemability in gold, didn't suggest that the U. S. commit the dishonest act of increasing the official price of gold — he merely promoted the "honest" act of making the "greenbacks" of Civil War days "as good as gold," as accomplished by that 1875 Act.

Andrew W. White, in his "Fiat Money Inflation in France," says that there are "financial laws as real as their operation as those which hold the planets in their courses." And it may properly be assumed that one of the "laws" so described, and recognized by all competent economists, is that once the "value" of a currency has been set in terms of a definite weight of gold, it can no more be changed, properly, than can "the planets in their courses."

One of the most capable members ever to grace the Senate of the United States was Henry Cabot Lodge, the elder), who drafted the gold-standard plank of the Republican platform of 1896 — the plank, presumably, that prompted the famous "Cross of Gold" speech by William Jennings Bryan, and which skyrocketed him into the Democratic nomination for the Presidency that year. Mr. Lodge made no plea for an "increase in the official price of gold" — knowing full well that "honest" money cannot be achieved by such trickery.

In 1908, Andrew Carnegie — who, of all men, not only knew how to accumulate money, as well as what it takes to make money "sound" — delivered an address before the Economic Club of New York on Feb. 5 of that year, in which he made this wise observation: "There is only one substance in the world which cannot fall in value, because it is in itself the world's standard of value, and that is gold, which the banks of civilized nations have as their reserve." Since, as Mr. Carnegie so correctly says, "gold cannot fall in value," it cannot, by the same token, rise in value. Let me clarify this point: Economically speaking, the U. S. rates "value" in terms of Dollars. And while the dollars, themselves, can be changed in "value" by raising, or lowering, their *weight* of gold per dollar, the "value" of gold, itself, cannot be affected by either process. To illustrate this seemingly strange assertion, here are the basic facts: Gold priced at $35 an ounce means that each dollar carries a "value" of 1/35th of an ounce of gold; gold priced at $70 an ounce means that each dollar carries a "value" of only 1/70th of an ounce of gold. What difference in real "value," therefore, can there possibly be between 35 dollars, each worth 1/35th of an ounce of gold, and 70 dollars, each worth only 1/70th of an ounce of gold? All of our great leaders of the past have been well aware of the answer to this question; and that is why they have so consistently adhered to the sound monetary principle that the gold-content of the Dollar should never be tampered with.

Finally, Andrew W. Mellon—as capable a Secretary of the Treasury as this nation ever had—set forth his views on Sound Money, in his book "Taxation: The People's Business," published in 1924. He said: "In so far as this government is concerned its policy has been to keep its own house in order; to *maintain the gold standard unimpaired* (my underscoring); to balance its budget; and to carry out a reasonable program for the orderly funding and gradual liquidation of the war debt."

With such an array of authorative sound-money opinion to guide us, as evidenced by the facts presented herein—America should wake up! and should openly combat the efforts of selfish gold-producers, who are trying to get the U. S. to further "debauch" the Dollar by raising the official price of gold. Incidentally, the gold-lobby promoting this "dishonesty" is about 90% foreign — since only 10% of the world's known output of gold is produced in the United States.

FREDERICK G. SHULL
Connecticut State Chairman
Gold Standard League

2009 Chapel Street,
New Haven 15, Conn.
Sept. 11, 1954.

Forms Guardian Securities

Peter Gruber is engaging in a securities business from offices at 170 Broadway, New York City under the name of Guardian Securities. Mr. Gruber was previously with Graham, Ross & Co., B. G. Phillips & Co. and Baruch Brothers & Co.

Gulf-Atlantic Opens

TAMPA, Fla. — Gulf-Atlantic, Inc. is engaging in a securities business from offices in the Marine Bank Building. Officers are Carl P. Fish, President; Philip Stapp, Vice-President; George B. Howell, Secretary-Treasurer.

LETTER TO THE EDITOR:

Einzig Replies to Shull's Criticism on U. K. Note Rise

British economist offers data supporting his contention that the size of the gold reserve no longer plays a part in Britain in determining the amount of the note issue.

Editor, Commercial and Financial Chronicle:

In your issue of Sept. 2, Mr. Frederick G. Shull criticizes my article on "The Rise in the British Note Circulation" appearing in your issue of Aug. 19, because of my remark that the size of the gold reserve no longer plays a part in Britain in determining the note issue. But surely that remark was merely a statement of a generally known fact. Whatever Mr. Shull or I may think of it, in Britain gold reserve is completely divorced from note circulation. Their separation was accomplished in three stages.

In 1928 the Currency and Bank Notes Act authorized the government to change the amount of the "fiduciary issue." As a result, it became possible to increase by administrative action the maximum limit of the note circulation, independently of the size of the gold reserve. In 1931 the gold standard was suspended, and Bank of England notes ceased to be convertible into gold, even though the Bank continued to hold a large gold reserve. Finally, in September, 1939, immediately after the outbreak of World War II, practically the entire gold reserve of the Bank of England was transferred to the Treasury and became government property.

The gold stock is now referred to as the "Sterling Area gold reserve" and its declared object is not to serve as metallic backing to the pound note or to other currencies of the Sterling Area, but to meet external payments requirements of Britain and the other Sterling Area countries.

It is a matter of opinion whether the change was for worse or for better, but there can be no question about it that the gold reserve no longer plays a part in Britain in determining the note issue. Nor is there any school of thought in Britain favoring the return of the old state of affairs. Even those who are fanatically keen on restoring the convertibility of sterling in the immediate future realize that convertibility would have to be confined to international requirements. In order to be able to make the pound notes convertible into gold for domestic holders, or even to earmark a large amount to serve as metallic backing to inconvertible pound notes, it would be necessary to increase the gold reserve to an extent that is far beyond the realm of practical possibility.

Admittedly, the existing system in Britain carries inflationary possibilities. But in this respect the difference between the British and American monetary systems is not so wide as Mr. Shull seems to think. After all, the power of the United States authorities to lower reserve requirements, and even to reduce, temporarily at any rate, the minimum limit of the gold reserve below 25%, carries somewhat similar inflationary possibilities. And the extent of "creeping inflation" in the form of an expansion of credit and currency has been substantially the same in the two countries in recent year. Runaway inflation, although technically possible in both countries has been avoided. As Professor Robertson rightly remarked, sterling is maintained sound not through any qualities inherent in the system but through the wisdom and ability of those in charge of its management. And the same is true about the dollar.

While disagreeing with Mr. Shull's argument, I am wholeheartedly in agreement with his conclusion — that it would be against the interests of the United States to assist in premature restoration of the convertibility of sterling. The chances are that the maintenance of its convertibility would necessitate dollar aid on a very large scale. As a result a large number of countries with paper currencies would gain access to American gold through the intermediary of convertible sterling. The drain might assume such dimensions that the present comfortable gold surplus of the United States would become depleted, and it might then become necessary for the Federal Reserve authorities to avail themselves of their powers to reduce reserve requirements. From an American as well as a British point of view it would be better to wait until Britain is in a position to restore convertibility without having to depend for it on external support.

Very truly yours,
PAUL EINZIG

120 Clifford Inn,
London E. C. 4.

John M. Schiff Heads N.Y.U. Bldg. Program

John M. Schiff of Kuhn Loeb & Co. has accepted the post of General Chairman of the $3,000,000 development program for a new building to house New York University's Graduate School of Business Administration, Chancellor Henry T. Heald of N. Y. U. announced.

John M. Schiff

The purpose of the campaign, Chancellor Heald said, will be to mobilize financial support among members of New York City's business community for the construction of the School's new home in the Wall Street district.

Mr. Schiff, investment banker and civic leader, has been a partner in Kuhn Loeb & Co. since 1931. He is a director of several industrial corporations, a trustee of the Bowery Savings Bank and Provident Loan Society, and President of the National Council of the Boy Scouts of America.

A 1925 graduate of Yale University, Mr. Schiff also graduated from New College, Oxford University, in 1927. He is a member of the N. Y. U. Council, governing body of the University, and a trustee or director of the New York Zoological Society, National Jewish Welfare Board, New York Public Library, and the Visiting Nurse Service of New York.

Forms Hampton Inv. Co.

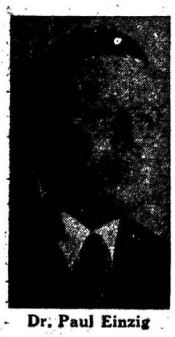
PRATT, Kans.—John G. Hampton has formed the Hampton Investment Company with offices at 306 S. Main Street to conduct a securities business. He was formerly with Small-Milburn Company.

Sterling Again at a Discount

By PAUL EINZIG

Calling attention to the dip of sterling exchange below its dollar parity the first time in almost a year, Dr. Einzig discusses the causes as well as the significance of the trend. Sees possibility that a drastic reduction of foreign aid by U. S. will lead to a renewed dollar-gap as well as deferment of sterling convertibility.

LONDON, Eng. — For the first time for nearly 12 months, sterling dipped below its dollar parity of $2.80 towards the middle of September. While earlier in the summer its weakness was attributed to the withdrawal of foreign balances owing to the realization that full convertibility was not imminent, this time the selling pressure was due to seasonal demand for dollar commodities. This demand was not confined to British importers seeking to cover their own requirements. As a result of the liberation of various commodity markets during the last year or two, it is now possible for non-British importers of various dollar commodities to cover their requirements through London with the aid of sterling. This means that sterling has now to face seasonal pressure of a world-wide character. In the circumstances the surprising thing is not that sterling should have declined slightly but that it has not yet declined to the official limit of $2.78.



Dr. Paul Einzig

One of the reasons for the relative steadiness of sterling has been the appreciable improvement of the British balance of payments compared with 1953. The visible import surplus is decidedly smaller, thanks to the favorable export figures.

But this is about the only bull point as far as sterling is concerned. Against it there is the sudden rise in the cost of living during the summer, due largely to the higher price of meat and tea. This rise will undoubtedly reinforce the numerous wages demands which have been put forward in recent months or are about to be put forward. When these demands were decided upon by the labor unions concerned, the cost of living index was absolutely steady. The argument used in justification of the claims was that the index did not truly represent the cost of living. It was argued by labor spokesmen that the cost of living was in fact rising. Against this it was pointed out that the index was the same as under the Socialist Government which had it brought up to date. But in the face of the unions' determination to press their claims such arguments were useless. Now it is no longer necessary for them to base their claims on such dubious grounds, as the cost of living index very obligingly moved in an upward direction, providing genuine foundations for wages demands.

With or without justification, these claims, or most of them, will have to be met to a considerable extent. There is a genuine danger that many British exporters will then be unable to quote competitive prices as a result of the rising cost of production. It is true, for the first time since the war, there is now a strong pressure in favor of higher wages in Germany. But owing to the existence of overfull employment in Britain it seems doubtful whether higher wages will be accompanied by any effort on the part of the workers to increase productivity. The outlook for British exports is, therefore, none too promising.

At the same time, owing to boom-like conditions in Britain, domestic consumption is increasing considerably. This foreshadows increasing imports. The recent improvement of the balance of payments may then give rise to a less favorable trend.

A situation may arise before very long in which the government and its advisors may have to stop to think whether progress towards convertibility has not been too rapid. The drastic reduction of foreign aid by the United States is likely to lead to the reappearance of the world-wide dollar gap. This will mean that there will be stronger inducement for foreign countries to take advantage of the freedom of the British commodity markets for covering their food and raw material requirements with the aid of sterling instead of dollars. It ought to be borne in mind that the reason why pressure on sterling on that account has so far been relatively moderate is that during 1953-54 there has been generally speaking, practically no scarcity of dollars. But once dollars become scarce again there will be every inducement for foreign countries to seek relief by shifting the burden on Britain. This can be done to a large degree even in the absence of full convertibility of sterling, owing to the operation of the liberated commodity markets.

It would of course be politically and morally difficult for the government to reverse its policy by suspending or restricting free dealings in commodities. But the realization that Britain can ill afford even the present degree of convertibility will no doubt go a long way towards discouraging any further progress in that direction. For this reason alone there is no likelihood of a decision in favor of full convertibility in the near future.

While the possibility of a widening of the limits of sterling's fluctuations was widely envisaged a short time ago, this is now considered very unlikely. The principal supporter of the idea of a "floating pound," Mr. Lyttelton (now Viscount Chandos of Aldershot) is no longer in the government. It is true, the Bank of England is still in favor of such a change, but only in connection with the return to convertibility, as a means of defending sterling against pressure once it has been made fully convertible. The opponents of the "floating pound" have now gained the upper hand both in the Treasury and in the Cabinet. The fact that official intervention in the foreign exchange markets aims at moderating the movements of the sterling-dollar rate even within the limits of $2.78-$2.82 speaks for itself.

Possibly the change of sentiments about the "floating pound" has been the result of the weakening of sterling in recent months. It was during the period when the sterling-dollar rate was persistently in the close vicinity of its upper limit of $2.82 that there was much agitation in favor of removing this upper limit and allowing the rate to find its own level. Now that the removal of the limits would probably mean a decline of the rate below its lower level of $2.78 the idea appears to be less attractive in many quarters. For it is realized that a depreciation of sterling would be followed very closely by a rise in British prices, wages and cost of production. Once they have reached a higher level, a subsequent appreciation of sterling would impose grave handicap on British exports, for the chances of lowering the level of wages would be negligible.

In any case the prevalence of reasonably satisfactory general economic conditions in Britain reduces the likelihood of making any changes in the existing system. It is usually when conditions are unsatisfactory that governments are inclined to listen to advice in favor of making changes. But there is no immediate reason why the government should at present risk any changes. This argument is valid not only regarding the "floating pound" but also regarding full convertibility. It seems reasonable to assume, therefore, that consideration of both reforms will be deferred for some time.

Bankers Offer Spencer Chemical Preferred

An underwriting group headed jointly by Morgan Stanley & Co. and Goldman, Sachs & Co. yesterday (Sept. 29) made a public offering of 150,000 shares of Spencer Chemical Co. 4.20% cumulative preferred stock. The stock was priced at par ($100 per share) plus accrued dividends.

Of the proceeds of the sale, the company will use about $7,900,000 to redeem the outstanding shares of 4.60% $100 par value preferred stock. Remaining proceeds will be used for general corporate purposes, including the financing of new facilities and extensions, additions and improvements to existing properties.

The new preferred stock is subject to redemption at $104.50 per share if redeemed on or before Jan. 1, 1958 and thereafter at prices decreasing to $101.50 per share if redeemed after Jan. 1, 1961. It is also redeemable under a sinking fund at $101 per share on or before Jan. 1, 1961 and at $100 if redeemed thereafter.

In addition to the new preferred stock the company will have outstanding, upon completion of this financing, $25,000,000 of funded debt, and 1,124,855 shares of common stock of $6 par value.

Spencer Chemical is one of the major producers of fertilizer grade ammonium nitrate, ammoniating solution, and synthetic anhydrous ammonia. Its products also include methanol, formaldehyde, hexamine, and dry ice. Principal plants of the company are located in the vicinity of Pittsburg, Kan.; Henderson, Ky.; Vicksburg, Miss.; and Chicago, Ill.

The company is constructing facilities near Orange, Texas, for the production of polyethylene and these are expected to be in operation in 1955. This product, a plastic, is used in the processing of film and sheeting for packaging, squeeze bottles, paper coatings, textiles and electrical insulation among other purposes.

Over the last five years, Spencer's consolidated net sales have increased from $19,396,000 to $34,104,000, the latter figure covering the fiscal year ended June 30, 1954. Net income for the fiscal year ended June 30, 1954 was $5,287,000.

K. T. Hansen Co. Formed

SALT LAKE CITY, Utah—Kent T. Hansen has formed K. T. Hansen & Company with offices in the Judge Building to conduct a securities business.

J. B. Henri Co. Opens

DENVER, Colo. — James B. Henri is engaging in a securities business from offices in the U. S. National Bank Building, under the name of J. B. Henri Co.

Continued from page 14

The Expanded Operations Of the World Bank

would find that they had to follow suit to protect their trade interests. It is difficult," the spokesman went on, "to imagine a more fruitful source of international dissension than a competitive trade and credit expansion program of this character."

International Investment Still Healthy

I certainly do not wish my remarks about the dangers inherent in an undiscriminating use of credit to be interpreted as a warning against a sound increase in credit accompanying a healthy expansion of international investment, particularly in the private sector. At the moment, I am happy to say, the world is enjoying relatively prosperous conditions of high employment and trade and the total volume of international credit is probably still expanding. But, if these conditions are to continue and if the flow of international trade and investment is to reflect a growing and dynamic world economy, the world's trade policies will need to be liberalized. Last year I said that "merely to refrain from reversing the downward trend in United States import tariffs over the last two decades would not be enough to put international trade on an even keel" and that there was need for a further reduction in the obstacles to imports. I share the disappointment of many of you that the Administration did not find it possible to put into effect this year the trade liberalization features of its foreign economic policies and I welcome the President's recent statement that it is his intention to give high priority to them in next year's legislative program.

Remarkable Contrast With Post-War Situation

The first of the Annual Meetings at which I had the honor of addressing the Governors was just six years ago. I hope the Governors will forgive me if, as one privileged witness of some of the events of the past six years, I end these remarks briefly with a personal and impressionistic retrospect.

In 1949, the ruins of war were still apparent in Europe. Famine was abroad in some parts of the world and the threat of it was only thinly veiled in others. Reconstruction was far from complete; the organized attack on development problems, evident in many countries now, had scarcely begun.

The contrast today, as we all know but perhaps too seldom remember, is remarkable. The facts about recovery in Europe are too familiar to need repetition; let me remark only on the obvious: that the revival of production there has been a major factor in the exchange of goods throughout the world at a rate never before experienced.

Advances in the underdeveloped countries have been harder to observe—if for no other reason than that those countries extend over so much of the earth—and the advances have in any case been uneven. But to me they are a source of immense encouragement.

The process of economic development is not easy to set in full motion, involving as it does a host of technical skills and a complex of behavior patterns that took centuries to evolve in the industrial world of today. Yet the proces is accelerating.

If we had a magic carpet here this morning to take us around the globe, I think we would be struck by the many evidences of this progress. We would see tractors working on land that before had only known the bullock, and we would see small factories working where industry had never appeared before. We would see truck roads replacing donkey and camel trails and new farms being cleared along these roads. In the mountains, we would see streams being harnessed to produce energy; and, in the deserts, hundreds of miles of pipe bringing natural gas to productive use. Down in the villages, we would see grain being milled by machinery, instead of being pounded out by hand, and electric light replacing the oil lamp.

Let me give you one illustration of what I am talking about. It concerns one of our loans to the Federal Electricity Commission in Mexico—and the installation of a small diesel power plant of only 600 kilowatts generating capacity. We financed the installation of this plant in the rural town of Tecuala, in Mexico's west coast area. In three years' time, here are some of the results: Industrial users of electricity in Tecuala have risen from just three to 33; the town has acquired a public library, a daily newspaper, a radio station, and a night school; Tecuala's population has trebled, and the number of students in its schools has increased seven times. The municipal hospital has installed refrigerators and a modern fluoroscope—the only one within a radius of 60 miles. The mayor of the town recently said: "I have witnessed our emergence from the dark ages into an age of light."

Now, as I said, the advance has been uneven. In some areas it has not occurred at all and in others the gains have as yet been meager. And we must remember, as one of the Governors well said here a year ago, that we are faced today by a revolution of expectancy.

In many parts of the world, people are less and less content to live in the past or to think in the past. The way to deal with a revolution of expectancy is to turn it into a revolution of achievement and progress.

The Bank's Important Part

It is in this kind of revolution that the bank can see itself playing a part. In the Annual Report before you, you will find the full range of the bank's interests displayed—from the mobilization of capital, internally and internationally, to the application of capital to bring about new production and trade. Indeed, in this Report, you can survey our technical and financial assistance to development institutions in many countries, to the construction of electric power capacity of something over three million kilowatts, to the improvement of some millions of acres of farm lands, to the improvement of services on railways in a dozen countries in five continents.

By comparison with what usefully can be done, these figures are modest enough, and I have no illusions about the magnitude and the difficulty of the tasks that face our member countries and the bank. What I do have is evidence that convinces me, more than ever, that these tasks can be accomplished, and that the revolution of achievement can be won.

Continued from first page

Atomic Energy vs. Conventional Fuels

laboratories. Today our chief investment is personnel — people who do the varied work of research, development, operation, and management in the vast facilities of the Atomic Energy Commission entrusted to the General Electric Co.

As I understand it, my purpose is to give you a picture of the potential impact of atomic energy on your business. It seems to me that the one major indication of that impact is the size of the atomic energy effort now going forward. Our Government has a tremendous plant investment — presently amounting to $5.7 billion. Completion of present plans will enlarge this figure to approximately $8 billion. These include, besides production facilities, the most modern research and development facilities that can be imagined. Up to now the huge atomic energy industry has been a Government monopoly. However, the revised law, signed Aug. 30, has made a great step toward opening the business to private industry.

The Atomic Energy Commission

In order that we might see clearly the impact of atomic energy on your business we must first look at the activities and composition of the Atomic Energy Commission. First, let's look at the nature of the activities of the Commission through its recent report to the Congress—the Sixteenth Semi-annual Report. In this report the Commission points out its activities in the fields of raw materials, and highlights the fact that domestic production of uranium ore and uranium concentrates has attained record levels, while production from foreign sources continues to increase. The report points out that the AEC's major construction projects are rapidly being turned over to operations. It briefly highlights the weapons research and development program, including the successful test series at the Pacific Proving ground. It points up the Commission's concern with national civil defense.

It covers the program of developing improved reactors for industrial nuclear power for naval and aircraft propulsion and for other military requirements. The report highlights the major developments going forward for the electric power generation and submarine work. The report discusses a tremendous range of physical research, resulting in the growth of fundamental scientific knowledge. It covers the field of biological and medical applications—covering the effects of all types of ionizing and non-ionizing radiation on man, animals and living plants. These latter efforts are directed toward the contributions of atomic energy and its by-products—to agriculture and to medical science.

So much for activities—what of AEC's composition? The same report states that construction costs are running at a rate of $120 million per month. There are over 72,000 operating contractor employees and 64,000 design and construction employees united with over 6,000 government employees to do the tremendous task ahead. Here is a breakdown of the array of scientific and engineering talent involved in this program:

Biological and medical scientists	1,617
Chemists	2,411
Physicists	1,703
Other physical scientists	738
Chemical engineers	1,634
Electrical engineers	1,346
Mechanical engineers	1,843
Metallurgical engineers	408
Other engineers	1,907
Total	13,612

I am sure you will agree that this is a massive concentration of strength and facilities.

I said that the atomic energy business is young. A look at the people engaged in this business reveals that most have come into the picture since 1946. A few have been in the business for 12 years, a few more 10 years, and the majority have one to eight years experience. This is a complex field. We do not learn it, nor comprehend it, overnight. Youth will stand us in good stead.

A Tremendous Technical Potential

Now the force of these data is that there is tremendous technical potential. I feel it every day. In my division we have over 2,000 engineers, scientists, and other professional people—a tremendous array of talent. While these people, every one of them I am sure, feel adequate to the job on which they are working, we are all aware of how little we really know about our business. Yet our accomplishments are compounded each day by virtue of the fund of knowledge which these people are building.

I wish I could tell you of the tremendous savings of our taxpayers' money and the contributions to our safety as a nation, which have been made by these thousands of people. I wish that I could show you the rapid rate at which improvement is going on and nail it down with figures and statistics. This, of course, I cannot do for security reasons. I can only assure you that talented people, inspired by the desire to do a good job, coupled with their recognition of the importance of their task to this country and their loyalty to the corporations for which they work, have produced almost unbelievable accomplishments.

We must face the fact that a tremendous portion of this effort has been directed ultimately to the weapons field. With this I am sure you will not disagree, since no peacetime benefits can accrue if we do not keep this country free and strong.

But what about the new Atomic Energy Act? We must remember that the new law has been passed with the objective of harnessing more of the strength and ingenuity of industry to the task of making atomic energy available for peacetime use. For a moment, let me discuss this new law and its implications for the near future. Under the Act which has been the foundation of the effort since 1946, it was illegal for an individual, or for anyone other than the Atomic Energy Commission, to possess fissionable or source material—such as plutonium or uranium. It was also illegal to own or build apparatus for producing material of this nature—for example: a reactor.

Under the old law there were tight bonds of security necessitated by our concentration on defense activity. There were basic restrictions with regard to the exchange of information with foreign persons or nations. There were, of course, many other provisions which I am sure you will appreciate. Nevertheless, the Commission was charged to execute programs of research and development and was permitted to use industrial organizations in the operation of its facilities and was encouraged to give wide dissemination of information — consistent with these limitations. Under the old law, large facilities were taken over by the Atomic Energy Commission from the Manhattan District, which had constructed them on a wartime basis. And these were greatly enlarged and expanded.

The laboratories and production facilities of the Commission are operated by contractors, such as we, who try in every way to bring to this new job the experience we have gained in successfully producing many and diverse products. There has been a tremendous volume of unclassified and declassified information flowing from the Atomic Energy Commission—much of it was of importance and interest to industry. However, there is by no means as free a flow of information as there would be in an industry operating without the necessity of security. So much for the old law.

Changes Made in Atomic Energy Act

The new law contemplates substantial changes. It allows private persons or corporations, subject to the licensing of the Commission, to own and operate facilities using source and fissionable materials. It empowers the Atomic Energy Commission to lease and recall these materials, and it obligates the Commission to reimburse the private operator for losses incurred if the material is recalled. The law sets up new standards of safety protection for the express purpose of having these consistent with procedures used in private industry. It changes security regulations as they apply to the flow of information between groups within this country and between U. S. and foreign organizations.

The patent provisions have been hotly debated and I gather that the compromises worked out are wholly satisfactory to no one. The old patent provisions may have been useful in the early stages of the national program, and we had to live with them, but the point to remember, as I see it, is that the ability to patent is one of the major incentives to the investment of private capital in research and development. It is particularly an incentive in the case of individuals and small concerns. I am one of those who believe that the way to get progress is to provide incentives and I feel that the normal patent system should soon be applied in the atomic energy field, with the probable exception of weapons.

The new law also allows the Commission to enter into long-term contracts for obtaining these special materials from private industry. In other words, it provides an atmosphere still subject to tight governmental control, yet one in which private industry can see some incentives great enough to warrant certain risks. We have an Administration which favors the new law and I am sure, it intends to use the vast powers given to it to promote the stated purposes of the law.

As a result of this new law there will be, I am sure, a new and dynamic surge of interest in this field—an interest that will find result in increased technical effort and accomplishment.

The Place for Atomic Energy

Let us now get down to cases. Where does atomic energy fit in? Energy, as you know, comes from the sun. Most of what we use, however, came from the sun many years ago in the form of chemical fuel—coal, gas, and oil. What is the importance of this energy? I believe that more than any other factor, abundant energy is a cornerstone of our standard of living and our tremendous productivity. And as Stuart Chase has said, truthfully I think, that "nowhere on the horizon is there a saturation point for power. Its future is limitless. It not only marches to ever greater quantitative output, but also transforms the entire economic structure as it goes."

It may be argued that we have made possible and used this freely available energy because of our democratic system or because we operate within the free enterprise system and its profit motive. Nevertheless, the facts are that we make and therefore have more goods and more leisure than any other nation. Our great material and non-material advantage over other nations comes from effective utilization of men and brains, and a great part comes from the simple fact that in our homes, in our factories, and in our travel abundant energy is available and freely used to multiply our strength.

Now where do we use energy? We use it in transportation, in process heat (such as furnace annealing), in comfort heat (home use) and in the production of electricity. If we are to continue to improve our standard of living it is essential that we supply continually increasing sources of energy.

Now how does one get a good perspective on our increasing rate of using energy? Let us return to our concept that energy is used for transportation, heat, and production of electrical power. A hundred years ago we did most of our work of transportation by foot, by sail and by horse. All these were almost wholly dependent on the day to day supply of sun's energy. Our heating was mostly by wood and by the sun's energy—again dependent on the current supply of sun's heat. Electricity was just a laboratory curiosity.

In the space of only a century we have literally completely freed ourselves from sole dependence on day to day or year to year supplies received from the sun. We have done this, though, by cutting deeply into resources of chemical energy—coal, oil and gas laid down over millions of years of the Earth's existence.

The United States and a considerable portion of the Free World have been living high off accumulated capital energy in the tremendous accumulated reserves of coal, oil, and gas. Rates of extraction of these non-renewable fuels—fossil fuels—have been unbelievable.

Increasing Efficiencies

Now what has been happening to efficiencies of use? Can we look to improvement in this field to keep our needs down?

For example: In the electric utility industry great emphasis always has been placed on a continuing improvement in efficiency. Increases in efficiency obtained over the years have served two purposes: to reduce the cost of electrical energy and to conserve our natural resources in the form of gas, oil and coal. My company has had a great share in the development of gas turbines, and I would like to cite an example of how this new prime mover will help us to meet the energy requirements of the future.

As you know, the drive for higher and higher efficiencies in this industry has resulted in increasing the operating temperatures of the steam turbine generating plants on the average of 12° F. per year over the past 50 years. This increase in temperature has not followed a straight line. It has depended, to a large extent upon the development of metals to withstand higher and higher temperatures. At a certain period, when available materials were being pushed to their temperature limits, the reheat cycle was developed to give a 4 or 5% increase in efficiency without going to higher initial temperatures.

Today steam turbine operating temperatures are about 300° F. below those being used in commercial gas turbines. By combining gas and steam turbine cycles, it is possible to improve the efficiency of today's steam turbine generating stations another 4 or 5%, thereby further reducing the cost of electric energy. This will help further to conserve our natural gas resources and make them available for other uses—such as home heating and the promising petro-chemical market.

It has been said that average efficiencies of energy use have trebled. We cannot, in all probability, treble the efficiency of use again. Yet costs of extraction continue to rise, while the average heat content in a ton of coal has begun to decline, at least in this country.

Where will new sources of energy come from? Palmer Putnam, author of the book, "Energy in the Future," states the "Reserves of such 'low cost' capital energy as the fossil fuels are small by comparison with the maximum plausible demands." If "low cost" energy is going to determine our very economic life, then they will have to, in the next 25 years begin to carry more load than reports indicate they are capable of. The hypothetical energy systems of the future can be, in the main, carried only by a dramatic new source of energy.

Solar Energy

What is the new source? The direct collection of solar energy on a vast scale by myriads of tracking mirrors, thermocouples or other devices, its overnight storage, its conversion to electricity, and its delivery from Arizona to Detroit, or from Gobi to Manchuria, appear remote. Solar Income Eenergy as a General Solution would be prohibitively expensive. Only nuclear fuels offer hope for the tremendous energy needs of tomorrow. And only by our taking immediate action to put atomic energy to economic use can tomorrow's economy hope to survive without the need for jarring adjustments.

A moment ago I mentioned two uses of energy — transportation and heating. I believe that atomic power has a place in both fields. In the field of transportation, the start of an atomic navy has been made. I am practically certain that atomic powered military aircraft can be produced and will have capabilities well worth their cost. Frankly, however, I see few other transportation possibilities—except for, of course, atomic-electric applications. Atomic powered merchant vessels may come, but I believe that they must be based on some new concept or need for ocean transportation. I doubt if I will ever see practical, economically useful locomotives, automobiles, trucks or commercial aircraft using atomic energy of the type we know today. Hence, if this be true, (with the exceptions of naval ships and some military aircraft) chemical fuels must supply our ever increasing needs for transportation.

In the field of heating, there may be some specialized processes where atomic energy can be used directly. I think it more likely, however, that electricity will in the end take over the main heating load. Hence, we come down to electricity. What are the prospects here? I believe that the first economic full-scale commercial atomic power plant will be a dual market plant—designed both to produce weapons material and heat for conversion to electricity. These may be started, I believe, as soon as the legal and procedural road blocks are out of the way. The principal load, however, must in the end be carried by installa-

tions whose main, if not single purpose, is the production of electricity.

In May of this year, I predicted that possibly five years, and certain 10, would find us generating economical electric power from atomic energy in such single purpose plants. Two types of reactors were outlined, either of which is competitive with fuel at 35 cents per million btu. and only waiting for the solution of certain clearly recognized and defined technical and economic problems. All our study since that time simply reinforces this opinion. The technical problems, I will not outline here. Suffice it to say that they are, however, difficult, of an order of magnitude compatible with the magnitude of effort being directed toward their solution.

The Supply and Cost of Uranium Fuel

The big economic question is the supply and price of uranium fuel. Here I admit that I cannot speak with authority. The Atomic Energy Commission controls the supply and may determine the price. Nevertheless, uranium is widely scattered through the earth's crust. In the past, it was of little value and only a small amount was needed. It is only natural to believe that the surface is only scratched; that much more will be found than can now be predicted, and that processes for its extraction will improve rapidly. This being so, fuel costs in a practical reactor can be nearly zero. I believe that in the five to 10 year period I mentioned they are likely to be competitive with chemical fuel at 12 cents per million btu. The overall cost which must be assessed to the fuel will be higher, however, due to increased capital investment and operating cost. These additional costs leave the station competitive with a conventional station using 35 cents per million btu. fuel. This is without considering or placing any value on the by-products of radiation—plutonium and other isotopes produced—and I believe that value will be found for all of these.

But what of your own tremendous progress? How long ago was gas a waste product? How great were the supplies estimated to be 20 years ago and what have they proven to be? How long—or short a time ago were the great pipe lines of today only pipe dreams? How does the investment of billions of dollars in the Atomic Energy Commission program compare with that which solved your problems? I cannot give you exact answers. Nevertheless, you may be sure that we have a new and practical source of energy that will relieve us of much of tomorrow's fuel problems. This I will certainly see in my working lifetime in a major way.

In the not too distant future, although possibly 20 years or more away, I believe that we will see gas, oil, and coal start to assume what I think will be their ultimate role: the raw materials of a greatly expanded chemical industry. Meanwhile, we will continue to use our chemical fuels in ever increasing quantities. This I say with only one reservation — we must keep our country strong and safe. We must continue to respect and encourage free enterprise. If we do these things—and who does not believe we will?—the producers of energy—coal, oil, gas and nuclear—will carry us together to an age of productivity as yet undreamed of.

Harry S. Gorgas

Harry S. Gorgas passed away September 23 at the age of 60 following a long illness. Mr. Gorgas was senior partner of Gorgas, Thomas & Co., New York City.

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The State of Trade and Industry

28% and the independents 9%. Two weeks ago, it was 56% and 37% and 7%, respectively.

Accordingly, "Ward's" said, domestic plants are trending towards 275,000 car and 66,000 truck completions for September. August netted 436,629 and 73,723, respectively.

Seven car makes—Chevrolet, Pontiac, Plymouth, Dodge, DeSoto and Chrysler—are now in model changeover. Five more General Motors and Ford divisions will go down in October.

New business organized in August continued the mild drop shown in July and totaled 9,041 for the month, Due & Bradstreet, Inc., reports. With the exception of February, this was the smallest for any previous month this year, but it was the highest August total since 1946. Last month's count at 9,041, fell 3.9% below July's 9,409, but it represented an increase of 20.8% above the 7,487 recorded in August 1953.

Steel Output Scheduled at Increased Rate This Week

There's only one way steel demand and production can go: That's up, say "Steel," the weekly magazine of metalworking.

The market has a wealth of basic strength. You can see that by comparing current production in the automobile and steel industries. Even though the automobile industry—the largest single user of steel—is making 50% fewer passenger cars and trucks than at this time last year, the steel industry is producing only 30% less ingot tonnage.

If the steel industry can sustain production that well, it ought to experience an uptrend when autos get rolling again, declares this trade paper. Also favoring an upward movement in steel output is the disappearance of large inventories of steel. For the last 15 months steel consumers have been living to a great extent off their steel inventories. The time is not far off when most all consumers will have to buy at least as much as they use.

Business as a whole remains good, "Steel" observes. This suggests that consumers' needs will be at least as strong as they are now. If they have to buy steel for all current consumption rather than depend partly upon inventories, they'll have to step up their pace of ordering. If such a stepped-up pace slows deliveries, you can bet users will try to increase orders enough to rebuild inventories.

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 68.9% of capacity for the week beginning Sept. 27, 1954, equivalent to 1,642,000 tons of ingots and steel for castings as against 1,637,000 tons and 68.7% (actual) a week ago.

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

For the like week a month ago the rate was 64.0% and production 1,525,000 tons. A year ago the actual weekly production was placed at 2,149,000 tons or 95.3%. The operating rate is not comparable because capacity was lower than capacity in 1954. The percentage figures for last year are based on annual capacity of 117,547,470 tons as of Jan. 1, 1953.

Electric Output Shows Mild Decline In Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Sept. 25, 1954, was estimated at 9,072,000,000 kwh., according to the Edison Electric Institute.

This represented a decrease of 2,000,000 kwh., below that of the previous week, but an increase of 718,000,000 kwh., or 8.6% over the comparable 1953 week and 1,447,000,000 kwh. over the like week in 1952.

Car Loadings Advance 18.2% Above Previous Holiday Week

Loadings of revenue freight for the week ended Sept. 18, 1954, increased 109.793 cars or 18.2% above the preceding holiday week, according to the Association of American Railroads.

Loadings totaled 711,228 cars, a decrease of 112,655 cars or 13.7% below the corresponding 1953 week, and a decrease of 162,368 cars or 18.6% below the corresponding week in 1952.

U. S. Auto Output Drops 13.2% Last Week To Register The Eighth Straight Week of Decline

The automobile industry for the latest week, ended Sept. 24, 1954, according to "Ward's Automotive Reports," assembled an estimated 50,101 cars, compared with 57,716 (revised) in the previous week. The past week's production total of cars and trucks amounted to 66,957 units, a decline below the preceding week's output of 4,461 or 13.2% units, states "Ward's." In the like week of 1953 132,329 units were turned out.

Last week, the agency reported there were 16,856 trucks made in this country, as against 13,642 (revised) in the previous week and 23,151 in the like 1953 week.

"Ward's estimated Canadian plants turned out 1,990 cars and 770 trucks last week, against 2,081 cars and 587 trucks in the preceding week and 7,457 cars and 1,167 trucks in the comparable 1953 week.

Business Failures Advance To Highest Level In Five-Week Period

Commercial and industrial failures increased to 212 in the week ended Sept. 23 from 195 in the preceding week, Dun & Bradstreet, Inc., reports. At the highest level in five weeks, casualties were considerably more numerous than a year ago when 152 occurred or in 1952 when the toll was 156. However, mortality remained 11% below the prewar level of 239 in the similar week of 1939.

Casualties with liabilities of $5,000 or more accounted for all of the week's rise, climbing to 187 from 159 in the previous week and 136 last year. In contrast, small failures, those involving liabilities under $5,000, dipped to 25 from 36 a week ago, although they did not exceed the 16 of this size in 1953. Liabilities of $100,000 or more were incurred by 13 of the failing businesses, as compared with 15 in the preceding week.

Wholesale Food Price Index Rises Four Cents Above Week Ago

A moderate upturn in the Dun & Bradstreet wholesale food price index last week lifted the Sept. 21 figures to $6.73, a rise of four cents from $6.69 a week earlier. The current number compares with $6.71 at this time a year ago, or an increase of 0.3%.

Higher in wholesale price the past week were wheat, oats, barley, beef, hams, bellies, butter, cocoa, eggs and raisins. Lower were flour, corn, rye, sugar, coffee, cottonseed oil, steers, hogs and lambs.

The index represents the sum total of the price per pound of 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 Level Mildly Lower Due To Continued Irregularity In Grains

Following early steadiness, the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., turned slightly lower to close at 275.98 on Sept. 21. This compared with 276.54 a week earlier, and 277.35 on the corresponding date a year ago.

Grains continued irregular with most grains developing a generally weaker tone during the week.

Rye showed independent strength but fell sharply at midweek following reports that West Germany had postponed purchase of nearly 4,000,000 bushels of American rye. Weakness in corn was influenced by favorable weather conditions and ample marketings, also the possibility of poor quality Canadian wheat being imported into the United States as livestock feed. Wheat fluctuated unevenly and finished slightly higher than a week ago. Strengthening factors in the bread cereal included the Sept. 1 forecast reducing production estimates and reports of deterioration in the Canadian wheat crop.

The raw sugar market was steady to firmer, reflecting improved demand for world supplies from Cuba as the free market quota dwindled to less than 100,000 tons. The refined sugar market was quiet with the undertone weak.

Coffee prices moved downward in the latter part of the week as roasters limited their purchases to actual needs and showed a tendency to cut down their inventories. The easiness was attributed to rumors from Brazil that devaluation of the cruzeiro was in prospect. Emphatic denials of the rumors had little effect on the market. The downward trend in cocoa continued the past week, influenced by liquidation and hedge selling prompted by prospects of favorable cocoa crops in West Africa this year. Trade in lard was fairly active with prices moving irregularly lower in sympathy with declines in vegetable oils and weakness in live hogs markets. Cattle prices were somewhat easier under heavy market receipts. Lambs showed strength early but weakened toward the close.

Spot cotton prices registered further mild advances last week aided by active price-fixing for domestic and foreign account, with some support attracted by the belief that a tight supply situation may develop later in the season. Reported sales in the 14 markets increased sharply to 354,900 bales last week, from 244,102 the previous week. Entries of the staple into the government loan program were in moderate volume. Net entries for the week ended Sept. 10 were 29,500 bales, bringing the season's total through that date to 64,000 bales.

Trade Volume Registers Spottiness In Latest Week

Shoppers increased their spending slightly in the period ended on Wednesday of last week as compared with the preceding week, but the total volume of retail sales was somewhat below that of a year ago.

Pressures towards larger spending came from heavy promotions of apparel and home furnishings in many parts of the country, and banks and finance companies eased terms on some consumer instalment loans.

Although living costs are essentially unchanged and incomes high, consumers continued to spend less than last year on cars, furniture and some electrical appliances.

The dollar volume of retail trade in the week was estimated by Dun & Bradstreet, Inc., to be 3% below to 1% above that of a year ago. Regional estimates varied from the comparable 1953 levels by the following percentages: Midwest —10 to —6; South —4 to 0; Northwest, Southwest and East —1 to +3; Pacific Coast 0 to +4 and New England +2 to +6.

Sales of women's and children's apparel were equal to those of the preceding week and slightly higher than last year at this time.

Men's clothing sold unevenly, with a moderate over-all decline from a week ago and a significant dip from a year ago.

Light ordering and delayed deliveries were prevalent in many wholesale markets in the period ended on Wednesday of last week. The immediate demand for goods was about equal to that of a year ago and unchanged from the week previous, but there was no indication of heavy stock build-ups.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ending Sept. 18, 1954 showed no change from the level of the preceding week. In the previous week, Sept. 11, 1954, a decrease of 5% was reported from that of the similar week in 1953. For the four weeks ended Sept. 18, 1953, an increase of 2% was recorded. For the period Jan. 1 to Sept 18, 1954, department store sales registered a decrease of 2% below the corresponding period of 1953.

Retail trade in New York City aided by promotions and seasonal weather advanced about 5% ahead of the corresponding period one year ago.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended Sept. 18, 1954, registered an increase of 3% above the like period of last year. In the preceding week, Sept. 12, 1954, a decline of 12% was reported from that of the similar week in 1953, while for the four weeks ended Sept. 18, 1954, a rise of 6% was reported. For the period Jan. 1 to Sept. 18, 1954, an increase of 1% was registered above that of the 1953 period.

Mutual Funds

By ROBERT R. RICH

A NEW CANADIAN FUND, Templeton Growth Fund of Canada, Ltd., has made routine application to the Securities and Exchange Commission seeking permission to make a public offering of its securities in the United States.

The fund was organized in September, 1954, for the purpose of carrying on business as an investment company, concentrating its investments in the securities of Canadian enterprises.

Its authorized capital stock consists of common shares and deferred shares, the deferred shares having no redemption rights. The fund does not intend to issue its deferred shares. The fund states its initial capital of $1,000,000 will be provided by the issuance and private sale of its common shares to Templeton, Dobbrow & Vance, investment advisers, and certain of its clients who will purchase for investment.

The fund then intends to make an initial public offering of its common shares. Six months after the fund has received an aggregate of $1.2 million from the sale of its common shares, such shares will become redeemable. The fund then proposes to operate as a non-diversified open-end management company.

TOTAL ASSETS of the National Securities Stock Series, for which National Securities & Research Corporation is investment manager and underwriter, have crossed the $100,000,000 level for the first time it was announced yesterday by Henry J. Simonson, Jr., President of National Securities & Research Corporation.

The fund was initially offered on Aug. 1, 1944, and thus its significant growth has been accomplished in slightly over ten years, Mr. Simonson pointed out.

This growth in assets of the fund can best be measured by a comparison with the figure at the first fiscal year-end of the fund, Mr. Simonson stated. On April 30, 1945, total net assets were $2,255,465, and the current figure is $100,242,481.

Accompanying the rise in assets have been sharp increases in the number of shareowners of the stock series and the number of shares outstanding.

At the end of April, 1945, there were 1,312 shareowners and 369,141 shares outstanding. As of April 30, 1954, there were 39,385 shareowners and they owned 15,331,872 shares, with total assets of $84,481,606. Since the latter date there has been a corresponding increase in the number of shareowners, shares outstanding and total assets. Shareowners currently number 41,054, shares outstanding total 15,765,341, and total assets now are $100,242,481.

NET ASSETS of Massachusetts Investors Growth Stock Fund for the three months ended Aug. 31, 1954 increased to $51,594,738. This amount is equivalent to a net asset value per share of $20.98, including a capital gain payment of 26 cents made during the current fiscal year. At the quarter's end, the Fund had 17,551 stockholders and 2,459,652 shares outstanding.

Comparable figures for the quarter ended Aug. 31 last year were $38,631,468 in net assets, equivalent to $15.95 per share on 2,422,760 shares outstanding.

In its quarterly report the Fund also announces the appointment of Landon T. Clay and David D. Ogden to its investment research staff. Mr. Clay was formerly a senior analyst in the security research department of the Bank of New York. Mr. Ogden was Assistant Treasurer of the University of Rochester.

Portfolio changes for the quarter ended Aug. 31, 1954 were purchases of 13,000 shares of Diamond Alkali Co.; 20,000 shares of Filtrol Corporation and 5,000 shares of Stromberg-Carlson Company.

Sales for the quarter included 10,000 shares of Carrier Corp.; 15,400 shares of Kalamazoo Vegetable Parch. Co. and 24,000 shares of Western Natural Gas Co.

FIFTEEN SEPARATE industry classes of Group Securities, Inc., are classified into three groups in a study of their price and value position just released to dealers by the sponsor, Distributors Group.

The current estimates of 1954 earnings and dividends made for the various industry groups compare closely with those made by Distributors Group in January. Among the industry groups classified "for long-term growth of principal and income," the most significant change is an improved outlook for the earnings forecast for the Aviation group.

Figures given for Chemicals, Electronics, and Petroleum are about in line with earlier estimates. Among those "useful for relative stability of principal and income," i.e. Food, Merchandising, Tobacco, and Utilities Shares, the most significant figure may well be the virtual maintenance of the year's earlier estimate for earnings and dividends on the Tobaccos, despite the "scare talk."

The third group, described as useful for "cyclical price action," includes Automobile, Building, Industrial Machinery, Mining, Railroad Equipment, Railroad Stock, and Steel Shares.

Some decline from an earlier estimate is made in one or two of these cases, although the price position shown in the study indicates in several cases the likelihood of these lower earnings having been over-discounted, with better probable price action ahead.

Europe Stronger, Economist States

The over-all economic situation of Western Europe has improved substantially over the last three years, according to Dr. Andrew A. Bock, economist with the National Securities & Research Corporation, who returned recently from an extended tour of a number of European countries.

Largely as a result of the flow of United States funds under both the Marshall Plan and the Mutual Aid Program, the economies of Italy, Austria, Switzerland, Holland and West Germany are particularly on a sounder basis than they were three years ago when he last visited Europe, Dr. Bock stated. While abroad, he conferred with leading publishers, bankers, industrialists and government officials of the various countries.

However, he went on, further improvement hinges upon convertibility, the free flow of currencies between countries. Exchange controls must be eliminated if a smooth interchange of goods between nations is to be effected, Dr. Bock asserted.

Pinpointing conditions in countries he visited, Dr. Bock reported that inflationary trends still are very strong in Italy; Austria is slowly recovering but a price level 10 times prewar compares with wages only seven times prewar; Switzerland is upset over the increase in U. S. tariffs on Swiss watches and Holland has placed its finances in order, its economy is very sound and it has adapted itself to changed postwar conditions.

Perhaps of more significance is the tremendous strides forward by West Germany, where industry has become very much Americanized in methods and processes, as well as in thinking and attitudes regarding labor-management relations, according to Dr. Bock. "Given a sound and reasonable solution of its political problems, the West German economy will expand further," he declared.

As a matter of record, he said, despite the influx of more than 10 million people from the East since the end of the war, unemployment figures in West Germany declined in August to around 800,000, a new post-war low.

TV Shares Fund Will Open Up European Market

Paul A. Just, Executive Vice-President, Television Shares Management Corporation of Chicago, departed last Thursday for a four-weeks' tour of Europe to complete negotiations for marketing Television-Electronics Fund in a number of European countries. He was accompanied by Carel van Heukelom, the Fund's foreign representative.

Mr. Just said that investors in several European countries are now participating in the Fund following a growing interest manifested in the American type of open-end mutual fund throughout Europe and the British Isles.

He said this interest, as reflected in the sales of Television-Electronics Fund abroad, stemmed —for the most part—from sophisticated investors who are well-informed on the dynamic developments of the electronics field in the United States.

The Chicago investment banker recalled that the flow of European investment in Television-Electronics Fund followed arrangements made several years ago for listing the Fund on the Amsterdam Exchange. He added that the widespread acceptance in Holland led to distribution of the Fund's shares in the British Isles.

Mr. Just and Mr. van Heukelom will visit most of the leading money centers in Europe to conduct similar distribution arrangements.

Television-Electronics Fund, organized in 1948 with assets of a little more than $100,000, now has total resources in excess of $53 million. It is a mutual investment company concentrating on the electronics field.

Closed-End News

Tri-Continental Corporation has filed a registration statement with the Securities and Exchange Commission for 810,740 shares of new

$2.70 cumulative preferred stock, with a par value of $50.

According to Francis F. Randolph, Chairman of the Board and President of the closed-end investment company, it is contemplated that, subject to the registration statement's becoming effective, at about the end of September holders of the present $6 preferred stock will be offered the right to receive two shares of the new $2.70 preferred stock in exchange for each share of $6 preferred stock.

All of the outstanding $6 preferred stock which is not exchanged will be called for redemption on Oct. 31, 1954.

Glenn Kidd V.-P. of Fundamental Inv.

ELIZABETH, N. J.—Glenn O. Kidd was elected Vice-President of Fundamental Investors, Inc., a mutual fund, at a meeting of the board of directors held here today, it was announced by Wm. Gage Brady, Jr., chairman. Mr. Kidd was also elected Vice-President of Diversified Investment Fund, Inc., Manhattan Bond Fund, Inc. and Diversified Growth Stock Fund, Inc., as well as of Hugh W. Long and Company, Incorporated, sponsor of the funds. The group of mutual funds has total assets of about $300 million, and is one of the largest in the country.


Glenn O. Kidd

Mr. Kidd, was associated for thirteen years with the Lehigh Coal and Navigation Company in various financial and management positions. His last post was as President and Director of Lehigh Navigation Coal Company and 12 subsidiaries.

Before joining the Lehigh Coal and Navigation Company in 1941, Mr. Kidd was an attorney with the Interstate Commerce Commission in Washington.

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Commercial and Mutual Savings Banks Complement Each Other

of non-liquid assets. The acute commercial banking troubles of the early 1930's, culminating in the bank holiday of March, 1933, were the high price that these banks—and the rest of the country with them—paid for inadequate commercial banking liquidity at that time.

Today, the American commercial banking system can rightly boast of very high liquidity. Cash and government securities, mainly of short-term, alone amount to 60% of deposits, demand and time. When we include short-term loans and other quite liquid investments, we find that commercial bank deposits are covered almost in full with assets very readily convertible into cash — under all conceivable conditions — through maturity, sale, or shift to the Federal Reserve banks. This is as it should be in a healthy commercial banking system.

To attain this high degree of liquidity, commercial banks must be content with a relatively low average rate of return on their assets. Commercial banks prosper, nevertheless, because they pay no interest on the demand deposits that account for almost three-fourths of their liabilities to depositors, and a relatively low average rate of return on time deposits.

Mutual savings banks, because they receive savings deposits only, do not require such a high degree of liquidity. In selecting investments for their portfolios, therefore, they emphasize safety, but not extreme liquidity. This permits them to invest freely in high quality real estate mortgages and long-term high-grade bonds. The consequent higher average yield realized on these classes of investments makes possible the payment of a correspondingly higher rate of return to savings depositors. Thus the mutual savings banks provide an effective incentive to the encouragement of individual savings—namely, an attractive rate of return.

Mutual savings banks hold more than $25 billion of savings deposits today. If these savings had been placed in commercial banks, and if the commercial banks receiving them had invested these funds largely in real estate mortgages and long-term bonds in order to be able to pay to the savings depositors a return comparable to that paid by the mutual savings banks, the liquidity of the commercial banking system would have been impaired to an undesirable extent.

This is not to say the commercial banks cannot compete with savings banks and other savings institutions, and yet safeguard their liquidity. They provide competition by offering to pay interest on time deposits. As a result, they hold $45 billion of such time deposits throughout the country today, representing funds of business and government as well as of individuals. But each commercial bank feels free to pay whatever rate of interest is justified by the over-all yield from assets acquired which assure the desired degree of liquidity. Each commercial bank can thus carry on a time deposit business without compromising with high standards of liquidity.

This would not be the case if commercial banks had preempted the business of savings banking, and so were under pressure to earn the higher rate of return expected by many savers. In that event, some commercial bankers might regard it as an obligation in the public interest to pay a higher rate of return on savings to stimulate thrift, regardless of whether this could be done without impairment of their liquidity. Such an attitude was not uncommon among commercial bankers in the 1920's, it is well to remember.

The existence of a growing mutual savings banking system, as well as of other specialized savings institutions, provides a rate of return that will effectively stimulate savings without endangering the liquidity of our commercial banking system. These savings institutions relieve the commercial banks of undue pressure to acquire a large volume of higher-yielding illiquid investments that would put higher-cost savings deposits to work profitably, and so safeguard commercial bank liquidity.

Safeguarding Financial Flexibility

There are times when rapid economic growth, or national emergencies such as wars, necessitate rapid credit expansion. Commercial banks, as partners in our financial system, make a valuable contribution to its over-all efficiency by making possible an expansion of loans and investments, when needed, beyond the current volume of savings.

Mutual savings banks and other savings institutions have available for new investments the current savings they receive, the proceeds from the maturity or liquidation of their old investments, and the relatively minor amounts they are permitted and may with safety borrow in anticipation of savings accumulation.

The commercial banking system, by contrast, can expand loans and investments far beyond the volume of current savings when they are provided with additional reserves by the Federal Reserve banks. This was demonstrated in spectacular fashion during World War II, when the commercial banks added some $70 billion to their holdings of government securities within a relatively short time. Obviously, only commercial banks could have provided funds to the Treasury on any such vast scale. And without these huge acquisitions of Treasury securities by the commercial banks, the financing of the war effort would have presented a much greater problem.

The commercial banking system alone creates credit to meet requirements of the economy that exceed current savings. It thus imparts a flexibility to our financial system that savings institutions alone could not provide.

Making Credit Contraction Feasible

Another way in which savings banks, and other savings institutions, complement commercial banks is in making feasible a contraction of credit, when this is found desirable to combat inflation or other undesirable conditions.

Early in 1953, for example, the monetary authorities sought to check bank credit expansion because they feared inflationary pressures might otherwise develop. The reserve position of commercial banks was allowed to become tight, and member banks found it necessary to borrow large amounts from the Federal Reserve banks to maintain their legal reserves against deposits at the required levels. As stated in the Federal Reserve Bulletin in February, 1954 " . . . under these conditions banks became less willing to make or renew loans."

Such a restrictive credit policy could have had an adverse effect upon the markets for long-term funds needed to finance home building and business investment in plant and equipment, and so upon employment and business activity, were its impact not cushioned by the steady flow of funds into mortgages and bond investments from mutual savings banks, insurance companies and savings and loan associations.

This two-way flexibility, so desirable to a healthy economy, is a major contribution of savings banking to the sound functioning of our financial system. Were commercial banks to engage in any considerable part of the business now carried on by our savings institutions, much of this essential flexibility would be lost.

Educational and Promotional Activities

In their educational and promotional activities, as well as in the exercise of their basic economic functions, mutual savings and commercial banks complement and aid each other, even while they compete.

Millions of people first learn to use banking facilities through a savings bank account, either while at school or later. Habits formed and knowledge gleaned from owning a savings bank account lead to the opening of checking accounts and the utilization of the specialized banking services provided by commercial banks.

Mutual savings banks have but one overriding objective in their educational and promotional activities—to inculcate thrift. Savings banks expand and seek to open new branches for but one purpose—to attract more savings depositors and deposits.

Commercial banks, on the other hand, have a broader purpose. They often want to attract new borrowers as much as depositors. New branches are opened to lend to business and consumers as well as to provide checking account service.

Because of these differences in objective, and the character of services rendered, we find that as the people in a community learn to use one type of bank they are far more likely in time to patronize the other type as well.

It is to the interest of both classes of banks that each should prosper and expand to meet the growing demand for its particular services. With the steady increase in population and the shift from urban to suburban living, both types of institutions gain from the orderly extension of the operations of each into new neighborhoods through the opening of branches. Without reasonable branch powers in newer population centers, the partnership that has long existed between commercial and savings banks in providing a fully rounded financial service to the public will be arbitrarily restricted.

The outcome could well be, not that one type of institution will gain at the expense of the other, but that new types of institutions will emerge to fill the gap, as has happened at times in the past. Worse still, agitation may arise that government institutions should be expanded or created to displace private enterprise in this essential sector of our economy.

The Government and Competition

Under our system of private enterprise, competition in finance as well as in business is inevitable. Indeed, it is desirable. Our financial institutions constitute a regulated industry functioning under Federal and state supervision. It is the duty of the legislatures, not to limit, but to foster sound and healthy competition. That this is so is manifest in our New York State banking laws. The State of New York, in its declaration of policy set forth in its banking law, directs the banking department to supervise and regulate the business of banking organizations in such manner as ". . . to eliminate unsound and destructive competition" among them.

Our Banking Board and Superintendent of Banks are continuously cognizant of this responsibility when acting on such matters as applications for new bank charters, applications to open new branches, the regulation of interest rates paid on time deposits, and the review of promotional and advertising efforts and expenditures by all banking institutions.

In short, the legislature has directed the preservation of sound competitive conditions, and the supervisory authority exercises the power thus conferred upon it to maintain competion on a sound basis.

Objectives in Common

A mere listing of the objectives shared by savings and commercial banks will do as much as anything to make clear the community of interest that exists between them.

Both classes of institutions seek to promote sound personal finance among our people. They seek to help people meet their personal financial obligations, and to achieve financial security through thrift and efficient management of their money.

Savings and commercial banks both are concerned with the sound financing of real estate, for they have a large stake in financing homes and commercial structures.

Both promote sound business finance. The commercial banks provide chiefly short-term working capital, while savings banks help to provide long-term capital through purchasing bonds, and, latterly, equity capital on a limited scale.

Both types of institutions, as holders of Treasury and other public obligations, are deeply concerned with government financing.

Through associations to which both belong, and in other ways, savings and commercial banks and bankers have long cooperated for the public good. This cooperation has produced many fine results. It can in the future achieve even greater benefits for the public good.

A Partnership for Service

Possessing so many objectives and interests in common, the differences that arise between savings and commercial banks are, at most, of the nature of a family quarrel. With good will on both sides, such differences can readily be ironed out and agreement reached, since institutional interests coincide so much more than they conflict.

Both groups of banks perform essential services to the public. The existence of each contributes greatly to the welfare of the other.

There has been a tendency recently among some bankers in both groups, let us admit, to exaggerate rivalry and to minimize the many ways in which the two classes of banks complement and assist each other. This tendency, if it goes on unchecked, could lead to hampering results.

It is high time that arguments of this kind be ended through clear recognition of common objectives and interests, and through adjustment of the comparatively minor differences that have arisen. This should be readily achieved by free and open discussion between representatives of each group, provided both groups recognize that they are, first and last, partners in public service.

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Outlook for Sound Money in U. S.

Treasury and Federal Reserve banks with powerful special privilege without corresponding responsibility—with the right to issue promises to pay without being called upon to redeem them in the standard monetary unit (except for foreign central banks and governments). Such an arrangement is evidence of either fiscal or moral bankruptcy on the part of a government—moral bankruptcy in our case—and it is in conflict with the basic concept of honesty written into our body of contract law. But it provides an understandable, though hardly commendable, reason, for one, why the Treasury and Federal Reserve authorities wish to retain this improper power over the people of this nation.

Another obstacle to the attainment of a redeemable currency lies in the absence of any strong leadership in the House or Senate in behalf of such a currency. The people of the United States have no John Sherman in Congress, as prior to the resumption of 1879, able and willing to lead the battle for a sound and honest money.

Apparently the majority of the press is opposed to any move to deprive our people of the drug of irredeemable currency. This seems to be true also of the majority of business leaders and of bankers. But this is the common reaction of those groups once a nation gets the taste of the intoxicating drug of irredeemable currency. Our people are conforming to the common pattern. There is never a mass movement against irredeemable currency, just as we do not find a mass movement of drug addicts to relinquish their drugs. In both cases, wise leadership, which rises above the inclinations of the masses, is required. Such leadership as has existed among our people in behalf of relinquishing the drug of irredeemable currency has not had the support of a sufficient number of government officials since early 1933 to obtain the needed reform in our monetary system.

Powerful elements which have offered, and offer, a vigorous defense for irredeemable currency are government planners, Socialists, and Communists. Wherever they have control of a national government there one finds irredeemable currency. Aside from the use of military force, an irredeemable currency provides a dictatorial government with its best means of obtaining control of a people. With such a currency, a government can manage and bleed the people until their economy is practically destroyed. It is a weapon of government dictatorship. An irredeemable currency and impairment of human freedom are natural companions.

In Part 16 of the Senate Committee hearings (Jenner Subcommittee of the Committee on the Judiciary) on "Interlocking Subversion in Government Departments" (November, 1953, published in 1954), p. 1182, it is stated in an official memorandum summarizing statements allegedly made by Whittaker Chambers that "The persons listed below . . . have arranged among themselves a program committing this Government to a policy in keeping with the desires of the Communist Party." Among the persons listed were those officially identified as Communists in the United States Treasury. They were all advocates of our system of irredeemable currency, and their influence seems to have been controlling. They recognized our system of irredeemable currency as "in keeping with the desires of the Communist Party," and that is the monetary system which is now defended, protected, and fostered by the present Administration and by our Congress.

What Features of a Better Monetary System Are Denied Our People?

Under our monetary system, which involves an irredeemable currency domestically and a restricted international gold bullion standard in our dealing with foreign central banks and governments, our people are deprived of various benefits which they could and should enjoy if our currency were redeemable. For example:

(1) Our people are deprived of a valuable property right—those seeking safety for their savings may not invest in gold or in claims to gold.

(2) They have been deprived of a major direct power over the government's use of the people's purse.

(3) They are deprived of the protection against an orgy of government spending which an irredeemable currency permits and invites.

(4) They are subjected to the dangers of socialism or government dictatorship in some similar form.

(5) They are involved in the risks of the great unsound expansions and consequent contractions in business and prices made possible and invited by an irredeemable currency.

(6) They are subjected to the common agitations for, and risks of, repeated devaluations which an irredeemable currency invites.

(7) They are made the victims of a diseased bloodstream in their economy.

(8) They are deprived of the right to exercise their dollar claims against our gold while such right is given foreign central banks and governments whose demands for gold have shown themselves to be much more erratic than domestic demands. (For example, from January, 1923, to February, 1933, inclusive, the percentages of our gold exported and earmarked for foreign account ranged from zero during the months of April to June, inclusive, in 1923, to 15.83 in October, 1931, whereas the percentages of our gold stock in domestic circulation during that period ranged from 1.44 in April and May, 1931, to 6.32 in February, 1933.)

(9) Our people are subjected to the difficulties arising from the fact that all holders of dollars other than central banks, not domestic holders only, lack the right to demand their redemption in gold.

(10) Our people are deprived of the freedom of enterprise in foreign trade and investment that could be had if our currency, and others, were freely redeemable.

(11) They are deprived of the benefits of real internationalism which is obstructed by the use of irredeemable currencies.

(12) They are subjected to inaccurate and misleading legends—that is, promises to pay—on our money.

(13) They live in a situation in which privilege without corresponding responsibility is granted Federal Reserve banks and the United States Treasury, a practice that is not tolerated in our body of contract law applicable to all others who reside in this country.

(14) They are deprived of the privilege of living under a government that is not practicing moral bankruptcy in the field of money. In respect to this last point perhaps it should be emphasized that the use of irredeemable bills of credit by a government and its authorization to banks to issue irredeemable promises to pay are evidence of fiscal or moral bankruptcy on the part of that government, and that since our government is not fiscally bankrupt, it follows that our practice constitutes a case of moral bankruptcy.

What of the Future?

The history of resumptions indicates that if our people are to be rescued from an irredeemable currency and its inherent disadvantages and dangers some political leader or leaders must emerge who can and will effect the reform. Such reform does not arise from a popular demand for resumption. Drug addicts are rescued by informed and tough doctors. Thus far since early 1933 we have been without such leadership in respect to rescuing our people from their addiction to the drug of irredeemable currency.

Should such leadership not emerge, then our people may be forced to relearn a very old and oft-repeated lesson through a bitter experience which we should be intelligent enough to avoid. That lesson could appear in the form of a severe economic crash arising from the economic maladjustments which an irredeemable currency fosters or in the form of a progressive depreciation in the purchasing power of our dollar which it also invites.

We are pursuing a monetary program that can lead to either consequence. There would appear to be little evidence to support the belief or hope that, because our wholesale price level has been relatively steady since 1951, we are in a state of nice economic equilibrium; and precedents fail to suggest that such a steady price level is likely to continue for any great length of time. We had a relatively steady price level from 1923 to October, 1929. Then came the economic crash.

The monetary doctrine being propounded by Treasury officials of this Administration is in its essentials the same as that of the 1920's which ended in the catastrophe beginning in October, 1929. The currency is said to be sound if the price level is stable and the Federal budget is balanced. We had those conditions, 1923-1929—and, in addition, the benefits of a redeemable currency. And then came the collapse. Treasury pronouncements today in respect to what constitutes a sound currency and as to the meaning of a stable index of prices would seem to suggest that the experiences of 1923-1929 have no lessons of value for present key Treasury officials. And, moreover, we are laboring today under the additional dangers inherent in an irredeemable currency.

Still further, statements are emerging, as in the late 1920's, to the effect that we have at last learned to overcome business cycles; and the widespread implication is, as in the 1920's, that since the wholesale price level has been relatively steady since 1951 that is proof of a high degree of economic equilibrium.

It is also a common, but unwise, practice among us these days to employ a relatively few statistical items dealing with wealth, production, income, and so on, as indicators of the state of our economic health, and to ignore the mountain of debt which can act as a crushing burden should the value of assets, profit margins, and opportunities for employment contract to some distressing degree. Our common use of aggregates in our statistical data contains genuine dangers because they can, and often do, obscure or hide serious economic maladjustments. For example, we point to the growth in savings but we often or generally neglect to point, at the same time, to the volume of consumer and other credit outstanding and to face the fact that it is those in debt who can quickly find themselves in trouble and spread their trouble to others. And an index of productive activity which is compounded of activities including production in high degree for destruction, waste, and death is hardly to be taken as a good measure of economic health.

Those economic forecasters who appear to take it for granted that we have developed a sufficient number of instruments of credit control, and understanding of their proper use, to prevent a sharp business recession or a sharp or progressive depreciation in the purchasing power of our dollar would seem to be pursuing a course that has little or no justification in the light of the standards of science. We should also remind ourselves that those economic forecasters who go so far as to assert that this or that "will" happen are operating outside the bounds of science inasmuch as science deals with degrees of probability and recognizes no law of necessity in the recurrence or continuation of any observed sequence of events.

Furthermore, the question arises as to whether we have in fact learned much in respect to the management of credit that was not known in 1939 when the Federal Reserve authorities issued a statement (on March 13) endorsed by 66 monetary economists (April 10), a summary of which is that "Experience has shown . . . that (1) prices cannot be controlled by changes in the amount and cost of money; (2) the Board's control of the amount of money is not complete and cannot be made complete; (3) a steady average of prices does not necessarily result in lasting prosperity; and (4) a steady level of average prices is not nearly as important to the people as a fair relationship between the prices of the commodities which they produce and those which they must buy."

Should we be compelled to face a severe economic readjustment or crash or a progressive depreciation of our dollar, the unanswerable question is whether our government officials will understand sufficiently well the part played by an irredeemable currency, and the practices it permits and invites — particularly monetization of Federal debt—to abandon this tool of the morally bankrupt or whether these officials will continue to misunderstand and, consequently, pursue a course followed by so many other countries —that is, repeated devaluation of the currency. In the light of the failure of our government officials to reveal a good understanding of the lessons in the monetary field that have been observable in practically every country since the early 1930's, there would seem to be little ground for hope that our people are going to escape a severe catastrophe arising from the absence of a high order of monetary statesmanship.

An Ominous Possibility

It seems reasonably clear that we probably shall ultimately be confronted with an ominous possibility pointed out in 1920 by John Maynard Keynes in respect to Europe before he reversed himself and became an advocate of irredeemable currency and his special brand of government management of a people.

Said he in his book, "The Economic Consequences of the Peace" (Harcourt, Brace and Howe, New York, 1920), pp. 237-238: "They [the capitalists] allow themselves to be ruined and altogether undone by their own instruments, governments of their own making, and a press of which they are the proprietors. Perhaps it is historically true that no order of society ever perishes save by its own hand."

As one observes the nature of the controlling movements in this country and the activities of those influential people who have accepted and are defending an irredeemable currency for our nation, it seems reasonable to conclude that we may have in fact joined the big parade into the Death Valley of a Governmentally-Managed Economy of which an irredeemable currency is an inseparable part.

A defender of irredeemable currency who insists that he is opposed to socialism or a high degree of government management in some other form merely reveals that he does not recognize their connection. And since, apparently, we as a nation have become thoroughly addicted to the drug of irredeemable currency — which is one of the most subtle, but potent, means by which a government obtains effective control of a people — there is apparently relatively little obstruction left to our continuing march into socialism or some similar variety of a governmentally-managed economy. Our capitalists seem to be coming close to the course described by Keynes in which they are, possibly and unwittingly, preparing for the ultimate ruin of themselves and of this nation by instruments and a government of their own making, and a press of which they are the proprietors.

No opponent of government despotism and no advocate of human freedom can be an effective defender of that freedom unless he first aids in the establishment of a redeemable currency. An irredeemable currency is the natural enemy of such freedom; it is the companion in evil of socialism or government despotism in some similar form. Human freedom has redeemable currency as its natural and necessary companion.

What Should Each of Us Do if We Desire a Sound Currency?

Each person can be expected to do what he chooses in the light of his understanding of, and attitude toward, the issues and principles involved. Some enlightened and patriotic individuals may have sufficient influence with top officials in our Federal government to be effective in behalf of a redeemable currency for our people. But most individuals who seek a sound currency and are well-grounded in respect to its nature probably can exercise relatively little influence in its behalf, acting alone. The individual without influence among government officials is perhaps most effective if he is a member of an organization which is seeking a sound currency for the people of the United States. The Sound Currency League of 1891-1901 exercised a fine and apparently effective influence in behalf of a gold standard which was instituted in 1900. The Gold Standard League, with headquarters at 1 Lloyd Ave., Latrobe, Penn., has been trying to organize leading citizens in the fight for redeemable currency. Since November, 1933, a group of monetary economists, organized as the Economists' National Committee on Monetary Policy, with headquarters at One Madison Ave., New York City, have been fighting steadily for a redeemable currency and one sound in all other major respects. Both groups, though separate, would compare roughly with the old Sound Currency League, if they were combined. It has been members of these two groups above all others who, in recent years, have carried on the fight for a sound currency for this nation. The only promising way, apparently, to fight for a sound currency in this country, aside from the use of such influence as one may have with key government officials, is to aid one of, or both, these organizations which endeavor to persuade the proper government officials to adopt a wise course in the field of currency.

As we attempt to estimate the future and to make a wise use of our savings, the current picture,

if described accurately, would seem to suggest that we cannot possibly know what the future holds for us and that therefore we should invest in accordance with two opposing theories as to the future—one that the dollar may continue to depreciate in purchasing power and one that in due course we may experience a serious economic readjustment or collapse. This is the course of conservatism—an effort to conserve our savings. The choice of either of the two prospects as to the future, to the exclusion of the other, or pursuit of the theory that we shall have stable prices or economic stability for a considerable period in the future, would seem to be a case of gambling.

Our Fundamental Needs

The fundamental needs, among others, of this country are for a sound circulatory system and the opportunity for the forces of supply and demand, operating under conditions of free and fair competition, to press constantly toward that ideal state of affairs known as economic equilibrium. Both the Managerial State and irredeemable currency are enemies of economic equilibrium just as they are enemies of mankind.

Ohio Valley I. B. A. Group Elects

COLUMBUS, Ohio—The Ohio Valley Group of the Investment Bankers Association of America

P. M. Conway

elected Powhatan M. Conway, of the Bankers Bond Co., Inc., Louisville, Chairman for 1954-55. James Chandler, W. L. Lyons & Co., Louisville, was elected Secretary of the group.

Dillon, Read Group Offers Texas Gas Trans. Pfd. Shares

Dillon, Read & Co., Inc., headed an investment banking group which on yesterday (Sept. 29) offered to the public 75,000 shares of 4.96% preferred stock of Texas Gas Transmission Corp., at par ($100 per share) plus accrued dividends.

Of the net proceeds from the sale of the new preferred stock $6,754,552 will be used to pay the corporation's notes payable to banks and the first mortgage note of a subsidiary, and the balance will be added to the corporation's general funds.

Texas Gas Transmission Corp. owns and operates a natural gas pipeline system extending from east Texas to western Ohio with a daily delivery capacity of approximately 1,069 million cubic feet. Approximately 87% of sales were made to 42 public utilities serving communities in Arkansas, Mississippi, Tennessee, Kentucky, Illinois, Indiana and Ohio and to Texas Eastern Transmission Corporation.

In 1953 the company had total operating revenues of $63,308,654 and net income of $4,873,478.

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

S. Sloan Colt, President of **Bankers Trust Company of New York,** announces that the Board of Directors voted on Sept. 21, to increase the regular quarterly dividend on the company's capital stock from 55 cents a share to 60 cents a share, beginning with the dividend payable Oct. 15 to holders of record on Sept. 30, 1954. This change will result in an annual dividend at the rate of $2.40 a share, an increase of 20 cents a share per annum. The last increase in the dividend rate was voted in the latter part of 1952, when the rate was raised from $2 to $2.20 per annum.

* * *

The Federation Bank and Trust Company of New York, plans to increase its authorized capital from $2,000,000 to $2,900,000 and the number of its shares from 200,000 to 290,000, all of the par value of $10, it was announced on Sept. 27 by Thomas J. Shanahan, President. A special meeting of stockholders to vote the broadened capitalization will be held at the bank's main office, 461 Eighth Ave., New York City, on Oct. 13, according to Mr. Shanahan. Among other matters to be acted upon at the meeting, he said, will be the proposal to merge the **Federation Safe Deposit Company** into Federation Bank and Trust Company. Pointing out that the present authorized capital is $2,000,000, consisting of 200,000 shares of stock of the par value of $10 each, Mr. Shanahan said that the proposed action will involve the issuance of 90,000 additional shares. Of these, 40,000 will be distributed pro rata to present stockholders as a dividend, enlarging their collective current holdings by 20%. The remaining 50,000 shares will be made available pro rata to all stockholders at the price of $20 per share.

* * *

Announcement was made on Sept. 29 by J. Andrew Painter, Vice-President in charge of the Personal Credit Department of **The National City Bank of New York,** of the inauguration of a new "Travelplan" whereby low cost installment credit for travel and vacation purposes will be available to wage-earners and salaried people working or residing in New York City. Air lines, railroads, steamship companies, bus lines and travel agencies it is stated will co-operate with the bank's "Travelplan." Amounts from $60 to $5,000 may be borrowed. The entire transaction can be arranged in the ticket offices of the carriers or through their agents.

* * *

New Yorkers had their first inside inspection of **Manufacturers Trust Company's** new five-story glass bank on Sept. 22, at Fifth Avenue and 43rd Street when members of the press were taken on a preview tour of the building by Horace C. Flanigan, the Trust Company's President. The branch office, newest and largest of Manufacturers' 111 metropolitan branches, will open for business on Monday, Oct. 4. The exterior of the five-story structure is made entirely of glass set in polished aluminum frames. Through what is said to be the largest glass panes ever installed in a building in this country, Fifth Avenue passersby get a clear view of the bank's modern interior. "These walls give the bank a wide-open, inviting look and turn it, day and night, into a giant showcase," Mr. Flanigan pointed out. Modernity is the theme of the interior as well as exterior of this newest arrival on the Fifth Avenue scene. The latest in mechanical design, furnishings, and architectural techniques have been employed to enable the company to serve its customers quickly and efficiently. On the main floor, only 10 feet behind the glass wall, the bank's vault faces Fifth Avenue. "Bank vaults are traditionally located in bank basements," Mr. Flanigan said. "But in this branch we have been perfectly willing to part with tradition wherever we thought we could improve our service to customers. With our vault at the street level, safe deposit customers can use their boxes and adjoining coupon booths with maximum convenience." The $3,000,000, air-conditioned building is on a plot 100 by 125 feet. The main entrance is on 43rd Street, just west of Fifth Avenue. The building's relatively small size—five floors—lends it distinction, standing among such sky-scraping neighbors as the next-door 59-story 500 Fifth Avenue Building. On the first floor, 17 positions for paying and receiving tellers assure rapid handling of banking transactions. Tellers conduct business over open counters, free of grillwork of any kind. On the second floor is 120 feet of teller counter space for commercial accounts. The architectural highlight of this floor is a 70-foot long, 16-foot high, six-ton sculptured metal screen serving as a backdrop for the main banking room. On the third floor are offices for personal loan transactions as well as the bookkeeping departments, other clerical facilities and employee locker rooms. The fourth floor will be used for the bank's real estate and mortgage department and will afford room for expansion as necessary. The top floor has offices for the company President, the Vice-President in Charge of the Fifth Ave. office and for out-of-town visitors. Here, too, is the Board Room as well as a lounge, dining room and small kitchen. In addition to its regular use by the company's Board of Directors, the Board Room will be used for other business gatherings and will be available as a meeting place for neighborhood community groups. The Manufacturers Trust Company traces its earliest origins back to 1812 and the organization of the Phenix Bank. Since then its growth has paralleled that of New York City itself and today, with total resources of nearly $3 billion, it serves over a million customers in the Metropolitan New York area. On Oct. 5, 6 and 7, the building will remain open for business and for public inspection until 9 p.m.

* * *

Appointment of Mark F. Hallam as an Assistant Secretary of **Manufacturers Trust Company of New York,** was announced on Sept. 23, by Horace C. Flanigan, President. Mr. Hallam became associated with the Manufacturers Trust in September, 1936, and during World War II served in the United States Army. He is a graduate of the American Institute of Banking, and is assigned to the bank's 18th Street office (130 Fifth Avenue at 18th Street, New York City).

* * *

Arthur S. Kleeman, President of **Colonial Trust Company of New York City,** announced that on Sept. 22 bank's directors voted to add $100,000 to surplus, by a transfer of that amount from the institution's undivided profits.

* * *

On Sept. 19 the death occurred of William Huckel, Second Vice-President of the **Chase National Bank of New York.** Mr. Huckel died at his home at Great Neck, Long Island. He was 53 years of age. From Great Neck advices to the New York "Times" we quote.

Mr. Huckel joined the advertising department of the **Equitable Trust Company** in 1924. For the last 30 years he had specialized in advertising and publicity for the Equitable and Chase, which merged in 1930. He was named an Assistant Cashier in 1945 and was promoted in 1952 to Second Vice-President in Chase's advertising and public relations department.

Mr. Huckel was graduated in 1922 from Williams College. In 1946 he was elected President of the New York Financial Advertisers Association. He was a Vice-President and trustee of the Great Neck Library.

* * *

It was made known on Sept. 27 by Ralph T. Tyner Jr., President of the **Westchester Bank & Trust Co. of New Rochelle, N. Y.,** that the directors of that institution and the **First National Bank & Trust Co. of Tuckahoe, N. Y.,** have voted favorably on the agreement to consolidate the two institutions under the name of the **National Bank of Westchester, White Plains.** Action on the proposal will be taken by the stockholders on Oct. 26. An item bearing on the plans to consolidate appeared in our issue of Aug. 26, page 789.

A summary of the essential features of the Agreement of Consolidation by President Tyner, said in part:

The Westchester Bank & Trust Co. and The First National Bank & Trust Co. of Tuckahoe will be consolidated under the Charter of The First National Bank & Trust Company of Tuckahoe so that the consolidated association will be a national banking association under the name of **"National Bank of Westchester, White Plains."** The capital stock will be $2,225,000 divided into 222,500 shares of common stock of the par value of $10 each. The surplus will be $2,775,000 and undivided profits not less than $650,000.

All assets of each bank will vest in the consolidated association and the consolidated association will be responsible for all liabilities of both banks as of the effective date of consolidation. The Westchester Bank & Trust Company will contribute acceptable assets in excess of liabilities having a book value of at least $4,825,000. The First National Bank & Trust Company of Tuckahoe will contribute acceptable assets in excess of liabilities having a book value of at least $825,000. Prior to the effective date of consolidation neither bank shall declare or pay any dividends.

The shareholders of The Westchester Bank & Trust Company will receive 190,000 shares of the capital stock of the consolidated association, which is at the rate of one share for each share of $10 par value stock now held; and the shareholders of The First National Bank & Trust Company of Tuckahoe will receive 32,500 shares, which is at the rate of 1.3 shares for each share of $20 par value stock now held. Such shares of capital stock of the consolidated association shall be issued to the respective shareholders of both banks upon surrender and cancellation of their respective certificates of stock in their respective banks. No fractional shares of common stock of the Association shall be issued in such exchange, but in lieu of any fraction of a share which would otherwise be issuable there shall be issued to the holder of such stock thereto entitled a non-transferable Order Form showing the fractional share interest to which such holder is entitled, by means of which such stockholder may instruct the Association, within 30 days after the consolidation becomes effective, either (i) to purchase for his account the additional fractional interest required to entitle him to one full share of such stock (the cost of which shall be paid by such stockholders within 10 days after notice from the Association) and to issue a certificate for such share to him, or (ii) to sell his fractional interest for his account and remit the proceeds to him. Within such 30-day period, orders for purchase or sale will be effected by the Association to the extent that they can be set off against one another on the basis of the currently prevailing market price of the shares as determined by the Association in its discretion, and to the extent that this may be deemed impracticable, purchases or sales of shares will be made by the Association for account of such stockholders at such times and in such manner as the Association may determine. As promptly as practicable after the expiration of said 30-day period, all shares of stock represented by outstanding fractional interests will be sold by the Association for account of the stockholders entitled to such fractional interests. Checks for the proceeds of all sales will be mailed promptly to those entitled thereto.

The Agreement of Consolidation also provides that the main office of the consolidated association will be at 31 Mamaroneck Aveune, White Plains, N. Y., which is one of the offices presently operated by the Westchester Bank & Trust Co. Mr. Tyner will be President of the National Bank of Westchester and Oliver W. Birckhead, will be Chairman of the Board.

* * *

The Springdale Bank and Trust Company of Stamford, Conn., a State member of the Federal Reserve System changed its title to **The Security Bank & Trust Company** as of Sept. 1, according to an announcement by the Federal Reserve System.

* * *

A profit-sharing plan for employees of **The Pennsylvania Company for Banking and Trusts** providing a combination of annual cash and savings benefits was approved on Sept. 27 by the board of directors and will become effective this year, subject to approval by the Internal Revenue Service. The bank has approximately 2,000 employees. The announcement says that every employee with three or more years continuous service is eligible for membership in the plan. Each member's share of the fund will be based upon a percentage of his salary, which percentage will be the same for all members. Members will receive each year a sum up to 6% of the bank's net operating earnings before income taxes, provided net earnings after taxes and expenses exceed 6% of the bank's capital funds.

One-half of each member's share, but not more than 6% of his salary, will be paid to him in cash; the balance will be placed in trust, invested and paid to the member with all accumulated income when he retires. An employee lacking the three-year eligibility qualifications will receive the cash payment but not the trust benefit until be becomes a member. The trust feature of the plan will enable employees to accumulate savings for retirement in addition to proceeds from the pension plan now in effect at the bank. In case of emergency, a member may draw needed sums from his trust fund before retirement. Cash payments from the fund will be made this year in December, and in future years in early January. The bank states that based on a estimate of 1954 profits, each member this year will receive approximately 10% of his annual salary, one-half in cash and the remainder in trust.

Continued from first page

As We See It

numerous now. It may be taken as a fact, therefore, that unemployment is higher than it was at one time.

The Real Question

The question—the legitimate question, that is—has to do with what should have been done about this situation and should be done now. For the statesman and the thoughtful man with his feet on the ground and the welfare of his country really at heart, this would appear to be a simple, straightforward question, which deserves a plain and unequivocal answer. When, however, party politics become involved, as is the case today, the issue becomes unfortunately blurred and equivocal. There is a law on the statute books of the nation which is commonly interpreted as placing the Federal Government under obligation to see to it that something described as "full employment" is always present in this fair land of ours.

Neither of the major political parties neglects any opportunity to swear eternal allegiance to the letter and the spirit (as popularly interpreted) of this law. In some particulars, there is also agreement about what should be done to maintain "full employment." In other respects, there is a wide difference in the views held by the two groups. There is also the question of when these remedies should be applied, and there is, of course, plenty of room for more than one interpretation of any particular step taken or contemplated—with opportunity for *ad hominem* allegations which to the dispassionate observer have no place or foundation in the existing circumstances.

For our part we heartily wish that there was some way to prevent this issue from entering the political scene this year (or any year) at all, or, if it had to be considered, the approach to it were wholly different. The truth of the matter is that the only duty that the Federal Government — or any other government — really owes in this connection is, first, to remove any and all obstacles to the normal and vigorous conduct by the private citizen of his own business affairs, and, second, to keep sedulously out of the way of private enterprise. The notion that government can with any degree of abiding success manage the economy, or stand behind the scenes and pull wires to obtain this good result or that, is a snare and a delusion. Sustained effort to do any such thing can not fail in the long run to do a great deal more harm than good.

The yardstick which should be applied to the present Administration or to any other Administration should, therefore, be this: What has it done, not to stimulate this or encourage that, but to remove conditions which tend materially to discourage business enterprise, or to interfere with the growth of business efforts which seem to private citizens to offer the best opportunity for legitimate profit in return for the production of such goods and services as the rank and file of the people want and are willing to pay for. Viewed in this way it seems to us that the Eisenhower Administration deserves both praise and blame.

Did not Rush in

It has declined to rush headlong into the situation with quack remedies and with semi-socialistic nostrums —and for this we, for our part, offer the most hearty thanks. It is precisely this type of action that we should expect of some of those who are now most ardently criticizing what has been taking place in Washington. They are careful, of course, to remain vague as to what precisely they would have done or would do in the premises, but one can scarcely doubt that were they in a position to do so they would put an end to all ideas of economy in the operation of the Federal Government, relieve low income brackets of most of their tax liability, again resort to the tactics of soaking the rich to obtain revenues to support extravagant farm legislation, and various other projects which the New Deal and the Fair Deal believe would be good for the country. In this direction not enduring prosperity, but ruin lies.

The fact of the matter is that it is on account of some tendency on the part of the Eisenhower Administration to follow a similar course that it is open to the most serious criticism. Our tax system is still essentially a "soak the rich" system. We are still spending far too much in Washington. The President wanted—and may yet get—a vast public housing program which has no warrant in good sense and sound government. A great deal of the New Deal and the Fair Deal remain intact and a very substantial part of it apparently has the blessings of the Republican party. If the Federal Government is to do what it really can to promote enduring prosperity and thus the fullest feasible state of employment, its course is one that would take it much farther away from the nostrums of the New and Fair Deals and not back toward them.

How we wish the current campaign could be fought out vigorously and sanely along these lines!

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Better Profits: Key to An Expanding Economy

tribution system. Others require special handling. These get close scrutiny as to profit possibilities because of the inherently higher marketing cost.

When we decide to study a particular market in all its phases we sometimes find it advisable to go outside our own organization and retain a recognized expert in the field. Our committee recently concluded that we didn't know as much as we should about highways, considering the huge expansion in road and toll-highway building now underway. The knowledge did not seem avaliable within our organization, so we acquired the services of one of the top nonpolitical figures in the Bureau of Public Roads, who has spent many years in the study of highway problems as well as construction methods and materials. He will coordinate our highway study.

Labeling a New Product

When you put out a new line or a new product, you should have the guts to label it with your own name. It has taken us a good many years to find this out, but we are now sure that **Republic** means more than any created trade name we can tie onto our product. Likewise, this makes us much more careful in our investigation and research because we can't afford to let the name "Republic" down very often. Our Republic Kitchens is a good example. Made by our Berger Division, a few years ago this would have been a Berger line. The name, except as it is used on a few specific products is unknown to even a majority of Republic employees. To develop a kitchen we could very easily have asked a stove maker, a refrigerator manufacturer, a disposal manufacturer, a dishwasher manufacturer, etc. to join us in developing a complete line but we are primarily steel makers so we didn't do that. We designed a flexible kitchen that can utilize any standard make refrigerator, stove, washer, etc. I am satisfied we made a tremendous lot of friends for our steel salesmen and incidentally sold a lot more cabinets, shelving, etc., because the housewife can have any combination of facilities she wants.

I could cite many more examples of our approach to good selling, but basically we think good selling is impossible, as I said in the beginning, without sound planning of both product and marketing research, without sound production methods which incorporate quality and service.

If I might presume to offer advice to those of you who are considering new product ventures it would simply be this: Don't act on impulse. Explore very thoroughly before you invest any money in production equipment. If you haven't the facilities to make market studies yourselves, there are many well-qualfied organizations who specialize in such work. A few thousand dollars spent for market study is cheap insurance against a costly flop. You probably can decide rather quickly how you are going to produce a new product. Don't move until you can see just as clearly how you are going to market it—at a profit.

Mistakes in Price Reductions

In every period of business decline we see companies repeating the mistakes that have led to disaster in the past. When sales slow up the first impulse is to reduce prices. The next step is to trim quality in an attempt to earn a profit at the lower price level. As a result sales decline still further. Funds which should be available for research are dissipated. Stagnation sets in. Republic does not want to buy material or make contracts which result in a loss to the people selling us for one simple reason: First we are encouraging such companies to deliver us poor merchandise, to cut or eliminate their research program, to deplete their raw materials and, ultimately, to go busted just about the time we need them most. Price cutting is not selling.

The steel industry has gone through this cycle in times past, even though it was apparent to any intelligent observer that repeated price reductions did not increase the consumption of steel by a single ton. They simply stopped all forward buying.

Entirely too much faith is put in price as a sales stimulant. If the product is properly and competitively priced in the first place, price reductions will not result in increasing the volume remotely commensurate with the damage they do to profits, the very lifeblood of business.

The American production plant, the wonder and envy of the world, is a monument to the intelligent reinvestment of profits. Contrast this with the situation of some of our European friends, who even before the days when profits were almost entirely taxed away were prone to distribute them almost completely. This resulted in the need for cartel methods of selling to perpetuate plants grown obsolete through lack of capital improvement. Inability to compete in world markets was the inevitable result and the damage, as you know, probably can never be repaired.

The advantage of certain socialistic theories as opposed to a fair profit are still very much alive in certain sectors of American political thought. Such a discussion can lead us into the stratosphere and I will not attempt it. I do insist that some of the woolly critics of our profit system would do the nation more good if they would investigate the businesses which, over any period of time, fail to earn an adequate profit. These loss businesses are the real hazards to our national well-being.

All of the elements I have mentioned which are needed for better selling and better profits would be meaningless without our free enterprise economy which binds them into a useful, workable whole.

Joins Witter Staff

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Calif. — H. Wesley McAden has joined the staff of Dean Witter & Co., Patterson Building.

Morgan Stanley Group Sells Northern Pacific Ry. 4% Bonds at 99½

Morgan Stanley & Co. and associates were awarded at competitive sale on Sept. 23 $52,000,000 Northern Pacific Ry. Co. collateral trust 4% bonds, due Oct. 1, 1984, on a bid of 98.13. Subject to approval of the Interstate Commerce Commission, the bonds were reoffered at 99½% and accrued interest to yield 4.03% to maturity. With substantial buying by life insurance companies, the offering was quickly oversubscribed and the books closed.

Proceeds will be used to redeem, on or before Jan. 1, 1955, $6,880,300 refunding and improvement mortgage 5% bonds, series C, due July 1, 2047; $8,226,000 refunding and improvement mortgage 5% bonds, series D, due July 1, 2047; and $36,247,000 collateral trust 4½% bonds, due Sept. 1, 1975.

The new bonds are callable at prices ranging from 103½% on or before Oct. 1, 1957 to the principal amount after Oct. 1, 1983. Sinking fund redemption prices range from 101½% after Oct. 1, 1955 to the principal amount after Oct. 1, 1983.

Northern Pacific operates 6,886 miles of road in Wisconsin, Minnesota, North Dakota, Montana, Idaho, Washington and Oregon. Its main lines extend from St. Paul, Minneapolis and Duluth, Minn., and Ashland and Superior, Wis. on the east, to Seattle and Tacoma, Wash., and Portland, Ore. Together with The Great Northern Ry. Co., the company jointly controls the Chicago, Burlington & Quincy RR. Co., the Spokane, Portland & Seattle Ry. Co. and the Midland Ry. Co. of Manitoba.

For the eight months ended Aug. 31, 1954, the company had railway operating revenues of $109,160,436 and income available for fixed charges of $12,521,566. For the similar period in 1953 comparable figures were $118,607,438 and $15,274,544 respectively.

Twin Cities Inv. Women Organize Own Club

MINNEAPOLIS, Minn.—The Investment women of St. Paul and Minneapolis have organized their own association, the Twin Cities Investment Women's Club. The organization meeting of the Club, held Sept. 15, voted upon a constitution, which was patterned after the La Salle Street Women's Club of Chicago and the Municipal Bond Women's Club of New York.

First officers elected for the year were Ethel Lyngholm, First National Bank of Minneapolis, President; Mrs. Vivian Meunier, Piper, Jaffray & Hopwood, Minneapolis; Marguerite Brawley, American National Bank of St. Paul, Treasurer; Mildred Murphy, Allison-Williams Company, Minneapolis, Recording Secretary; Lorraine Okan, Lutheran Brotherhood, Minneapolis, Corresponding Secretary.

With E. S. Hope & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif. — Glen E. Gilpin has become associated with E. S. Hope & Co., San Diego Trust & Savings Building, members of the Los Angeles Stock Exchange. Mr. Gilpin was formerly San Diego manager for Dempsey-Tegeler & Co.

Joins J. A. Hogle Co.

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif. — John R. Clark has become connected with J. A. Hogle & Co., 1030 Sixth Ave.

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)	Oct. 3	§68.9	*68.7	64.0	95.3
Equivalent to—					
Steel ingots and castings (net tons)	Oct. 3	1,642,000	*1,637,000	1,525,000	2,149,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Sept. 17	6,196,400	*6,170,750	6,155,750	6,494,900
Crude runs to stills—daily average (bbls.)	Sept. 17	¶6,696,000	6,989,000	6,936,000	6,992,000
Gasoline output (bbls.)	Sept. 17	23,852,000	23,940,000	23,826,000	24,057,000
Kerosene output (bbls.)	Sept. 17	2,313,000	2,461,000	2,171,000	1,998,000
Distillate fuel oil output (bbls.)	Sept. 17	10,047,000	10,096,000	10,261,000	9,723,000
Residual fuel oil output (bbls.)	Sept. 17	7,707,000	7,718,000	7,917,999	8,529,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Sept. 17	151,787,000	153,279,000	155,017,000	141,648,000
Kerosene (bbls.) at	Sept. 17	37,644,000	36,717,000	33,830,000	36,822,000
Distillate fuel oil (bbls.) at	Sept. 17	124,021,000	121,734,000	111,444,000	125,849,000
Residual fuel oil (bbls.) at	Sept. 17	57,268,000	56,725,000	55,848,000	52,164,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Sept. 18	711,228	601,525	678,624	823,883
Revenue freight received from connections (no. of cars)	Sept. 18	583,345	521,967	577,987	653,071
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Sept. 23	$340,883,000	$306,420,000	$224,168,000	$341,242,000
Private construction	Sept. 23	188,154,000	185,151,000	125,766,000	159,550,000
Public construction	Sept. 23	152,729,000	121,269,000	98,402,000	181,692,000
State and municipal	Sept. 23	135,621,000	100,710,000	88,567,000	165,701,000
Federal	Sept. 23	17,108,000	20,559,000	9,835,000	15,991,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Sept. 18	7,930,000	6,645,000	7,540,000	9,645,000
Pennsylvania anthracite (tons)	Sept. 18	532,000	425,000	490,000	628,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Sept. 18	120	97	100	120
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Sept. 25	9,072,000	9,074,000	9,227,000	8,354,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Sept. 23	212	195	184	152
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Sept. 21	4.801c	4.801c	4.801c	4.634c
Pig iron (per gross ton)	Sept. 21	$56.59	$56.59	$56.59	$56.59
Scrap steel (per gross ton)	Sept. 21	$30.17	$29.50	$28.67	$35.33
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Sept. 22	29.700c	29.700c	29.700c	29.700c
Export refinery at	Sept. 22	30.425c	29.625c	29.475c	28.225c
Straits tin (New York) at	Sept. 22	93.750c	93.500c	92.625c	83.750c
Lead (New York) at	Sept. 22	14.750c	14.700c	14.000c	13.500c
Lead (St. Louis) at	Sept. 22	14.550c	14.550c	13.800c	13.300c
Zinc (East St. Louis) at	Sept. 22	11.500c	11.500c	11.000c	10.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Sept. 28	99.91	99.97	100.12	94.58
Average corporate	Sept. 28	110.52	110.52	110.70	103.64
Aaa	Sept. 28	115.24	115.24	115.43	108.16
Aa	Sept. 28	112.19	112.19	112.56	105.34
A	Sept. 28	110.52	110.52	110.70	103.47
Baa	Sept. 28	104.48	104.48	104.66	97.94
Railroad Group	Sept. 28	108.88	109.24	109.06	101.80
Public Utilities Group	Sept. 28	110.88	110.70	110.88	103.30
Industrials Group	Sept. 28	111.81	111.81	112.19	106.04
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Sept. 28	2.51	2.50	2.49	2.88
Average corporate	Sept. 28	3.14	3.14	3.13	3.53
Aaa	Sept. 28	2.89	2.89	2.88	3.27
Aa	Sept. 28	3.05	3.05	3.03	3.43
A	Sept. 28	3.14	3.14	3.13	3.54
Baa	Sept. 28	3.48	3.48	3.47	3.88
Railroad Group	Sept. 28	3.23	3.21	3.22	3.64
Public Utilities Group	Sept. 28	3.12	3.13	3.12	3.55
Industrials Group	Sept. 28	3.07	3.07	3.05	3.39
MOODY'S COMMODITY INDEX	Sept. 28	406.2	407.7	414.3	410.0
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Sept. 18	235,147	200,184	214,012	236,069
Production (tons)	Sept. 18	244,607	176,765	251,722	264,379
Percentage of activity	Sept. 18	93	70	92	100
Unfilled orders (tons) at end of period	Sept. 18	408,830	419,109	364,174	523,839
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Sept. 24	105.64	105.66	106.76	105.56
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	Sept. 11	706,904	901,335	1,112,250	534,943
Dollar value	Sept. 11	$33,251,350	$42,999,937	$49,825,757	$23,598,189
Odd-lot purchases by dealers (customers' sales)—					
Number of shares—Total sales	Sept. 11	691,548	892,108	1,191,847	458,745
Customers' short sales	Sept. 11	12,092	13,983	22,038	8,044
Customers' other sales	Sept. 11	679,456	878,125	1,169,809	450,701
Dollar value	Sept. 11	$30,060,985	$39,872,818	$49,481,896	$17,288,749
Round-lot sales by dealers—					
Number of shares—Total sales	Sept. 11	192,840	314,790	386,930	139,630
Short sales	Sept. 11	------	------	------	------
Other sales	Sept. 11	192,840	314,790	386,930	139,630
Round-lot purchases by dealers—					
Number of shares	Sept. 11	244,450	278,540	314,780	209,030
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	Sept. 4	378,200	358,600	608,240	349,460
Other sales	Sept. 4	9,552,430	10,165,570	16,008,990	6,481,710
Total sales	Sept. 4	9,930,630	10,524,170	16,617,230	6,831,170
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Sept. 4	1,182,360	1,262,720	2,091,510	687,430
Short sales	Sept. 4	171,850	196,000	351,220	102,110
Other sales	Sept. 4	1,038,230	1,043,660	1,666,160	606,360
Total sales	Sept. 4	1,210,080	1,239,660	2,017,380	708,470
Other transactions initiated on the floor—					
Total purchases	Sept. 4	321,290	330,660	571,280	139,100
Short sales	Sept. 4	18,700	16,660	41,300	21,200
Other sales	Sept. 4	293,620	321,730	545,070	114,960
Total sales	Sept. 4	321,320	338,410	586,370	136,160
Other transactions initiated off the floor—					
Total purchases	Sept. 4	385,630	360,710	560,660	214,895
Short sales	Sept. 4	50,950	41,140	69,480	39,850
Other sales	Sept. 4	404,088	441,166	701,374	204,970
Total sales	Sept. 4	455,038	482,306	770,854	244,820
Total round-lot transactions for account of members—					
Total purchases	Sept. 4	1,889,280	1,954,090	4,223,450	1,014,425
Short sales	Sept. 4	241,500	253,820	462,000	163,160
Other sales	Sept. 4	1,735,938	1,806,556	2,912,604	926,290
Total sales	Sept. 4	1,977,438	2,060,376	3,374,604	1,089,450
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Sept. 21	109.9	110.0	110.0	110.7
Farm products	Sept. 21	92.8	93.1	93.9	98.1
Processed foods	Sept. 21	105.8	106.1	105.5	104.7
Meats	Sept. 21	90.3	*91.0	89.1	92.4
All commodities other than farm and foods	Sept. 21	114.4	114.5	114.4	114.6

*Revised figure. ¶Includes 658,000 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
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of August 31:			
Imports	$205,008,000	$225,154,000	$211,495,000
Exports	134,439,000	135,809,000	127,925,000
Domestic shipments	13,449,000	18,072,000	10,110,000
Domestic warehouse credits	87,228,000	73,777,000	26,275,000
Dollar exchange	75,342,000	91,964,000	63,855,000
Based on goods stored and shipped between foreign countries	47,374,000	45,581,000	37,874,000
Total	$562,840,000	$589,357,000	$477,534,000
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of August:			
New England	$25,973,175	$19,680,496	$18,057,583
Middle Atlantic	66,518,279	79,088,841	81,114,403
South Atlantic	43,941,690	37,279,690	45,990,216
East Central	95,260,081	86,415,587	96,190,676
South Central	82,991,813	79,697,016	50,434,647
West Central	34,352,176	31,586,710	29,246,394
Mountain	23,528,662	20,009 579	14,897,917
Pacific	86,894,954	94,252,166	87,422,481
Total United States	$459,460,830	$448,010,085	$423,354,317
New York City	30,841,192	40,301,251	38,704,044
Outside New York City	$428,619,638	$407,708,834	$384,650,273
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of August:			
Manufacturing number	187	165	148
Wholesale number	94	99	71
Retail number	451	417	340
Construction number	100	95	92
Commercial service number	80	80	49
Total number	912	856	700
Manufacturing liabilities	$12,388,000	$9,986,000	$10,267,000
Wholesale liabilities	4,202,000	5,140,000	3,042,000
Retail liabilities	11,225,000	9,622,000	1 0,275,000
Construction liabilities	2,386,000	4,958,000	3,868,000
Commercial service liabilities	2,381,000	2,524,000	1,077,000
Total liabilities	$32,582,000	$32,230,000	$28,529,000
BUSINESS INCORPORATION (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of August	9,041	9,049	7,487
CASH DIVIDNEDS—PUBLICLY REPORTED BY U. S. CORPORATIONS — U. S. DEPT. OF COMMERCE — Month of July (000's omitted)	$526,000	$1,252,000	$576,000
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK—As of Aug. 31 (000's omitted)	$794,000	$749,000	$451,000
COPPER INSTITUTE—For month of Aug.:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	60,118	*75,667	84,953
Refined (tons of 2,000 pounds)	103,901	107,095	108,974
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	92,475	97,436	106,985
Refined copper stocks at end of period (tons of 2,000 pounds)	58,387	68,921	78,825
COTTON AND LINTERS — DEPT. OF COMMERCE—RUNNING BALES:			
Consumed month of August	667,443	542,577	727,387
In consuming establishments as of Aug. 28	1,025,075	1,218,051	1,236,999
In public storage as of Aug. 28	8,340,420	8,103,150	3,755,301
Linters—Consumed month of August	111,727	95,849	129,699
Stocks Aug. 28	1,544,583	1,571,582	971,379
Cotton spindles active as of Aug. 28	19,306,000	19,286,000	20,081,000
COTTON GINNING (DEPT. OF COMMERCE)—To Sept. 1 (running bales)	1,693,749	------	1,165,618
DEPARTMENT STORE SALES—SECOND FEDERAL RESERVE DISTRICT, FEDERAL RESERVE BANK OF N. Y. — 1947-1949 Average=100—Month of August:			
Sales (average monthly), unadjusted	81	74	73
Sales (average daily), unadjusted	80	73	75
Sales (average daily), seasonally adjusted	105	101	99
Stocks, unadjusted	111	104	*117
Stocks, seasonally adjusted	115	117	*121
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of August:			
Weekly Earnings—			
All manufacturing	$71.06	$70.92	$71.69
Durable goods	76.59	*75.83	77.27
Non-durable goods	64.29	*64.74	63.76
Hours—			
All manufacturing	39.7	39.4	40.5
Durable goods	40.1	*39.7	41.1
Non-durable goods	39.2	*39.0	39.6
Hourly Earnings—			
All manufacturing	$1.79	$1.80	$1.77
Durable goods	1.91	1.91	1.88
Non-durable goods	1.64	1.66	1.61
GAS APPLIANCE MANUFACTURERS ASSOCIATION—Month of August:			
Gas-fired furnace shipments (units)	69,800	51,000	54,100
Gas conversion burner shipments (units)	28,200	20,500	27,700
Gas operated boiler shipments (units)	8,800	5,700	9,500
Automatic gas water heater shipments (units)	213,800	189,500	163,000
Domestic gas range shipments (units)	178,700	129,000	186,800
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49=100—Month of Aug.:			
Seasonally adjusted	124	124	136
Unadjusted	124	*116	136
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE — Month of Aug. (000's omitted):			
Ordinary	$2,018,000	$2,003,000	$1,847,000
Industrial	547,000	520,000	535,000
Group	379,000	631,000	469,000
Total	$2,944,000	$3,154,000	$2,851,000
METAL OUTPUT (BUREAU OF MINES)—Month of July:			
Mine production of recoverable metals in the United States and Alaska:			
Gold (in fine ounces)	163,144	*179,180	186,073
Silver (in fine ounces)	2,936,593	*3,232,365	3,004,955
MONEY IN CIRCULATION—TREASURY DEPT.—As of Aug. 31 (000's omitted)	$29,925,734	$29,891,963	$30,247,930
REAL ESTATE FINANCING IN NON-FARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of July (000's omitted):			
Savings and loan associations	$733,724	$741,435	$699,037
Insurance companies	155,437	145,612	131,587
Bank and trust companies	371,240	368,137	323,320
Mutual savings banks	141,487	133,203	127,282
Individuals	250,762	249,310	256,713
Miscellaneous lending institutions	374,295	352,395	259,821
Total	$2,026,945	$1,990,092	$1,797,760

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Banking Trends in India

the practical bearings of the scheme. But the second may have to wait until the inspection of banks by the Reserve Bank of India which has been proceeding for the past three years is completed and the banking system is set to a uniform pattern.

The system of inspection by Reserve Bank of India of all commercial banks came into existence by the legislation of the Banking Companies Act in 1949 for which the Reserve Bank of India was mainly responsible. The most important provisions of the Banking Companies Act are:

(1) Maintenance of a minimum fluid position by way of cash and unencumbered Government Securities to the tune of at least 20% of total deposits;

(2) Issue of licenses for opening of branches of banks;

(3) Nonparticipation in profits by, or payment of unreasonably high remuneration to, the chief executives of commercial banks, who should not interest themselves in any other vocation or business;

(4) Periodical inspection of banks;

(5) Quick liquidation proceedings in case of failure of banks;

(6) Prohibition of common directors to banks;

(7) Restriction on loans to directors without security.

The banking habit is still comparatively under-developed in India. Owing to the low level of per capita income in India, it might be difficult to interpret comparative figures. But still it might be stated here for your information that the average deposit per head in India is only 25 rupees as compared to 1,636 rupees in the United Kingdom and 4,493 rupees in the United States. Further, the ratio of bank deposits to currency in circulation in India is 0.76 as against 4.25 in United Kingdom, 5.17 in United States and 3.63 in Japan.

With the small savings of the community in the countryside now scattered in millions of homes which are to be integrated to serve the needs of the community, a new machinery in terms of rural banks with two-way service has to be devised to create the banking habit in the people and to run them economically and efficiently. And on the success of that would depend in a large measure the discovery of funds for financing the Second Five Year Plan of Government.

The First Five Year Plan was primarily intended to reclaim land, irrigation and power sources as the basic needs of the community. It is this recovery of the agricultural sector on whose meagre return well over 70% of the population depend that naturally claims the first priority, and visible evidence of success of the drive in this direction is provided in ample measure by the way the problem of food has been solved in the country now.

With the solution of food problem and recovery of minimum standard of living, the need for providing diversified employment to improve standard of living is reinforced. Therefore, in the Second Five Year Plan, it is expected that the emphasis would shift from the agricultural to the industrial sector. The Planning Commission gave topmost priority to agriculture partly due to the conviction that without a substantial increase in the production of food and of raw materials needed for industry, it would be impossible to sustain a higher tempo of industrial development, of course, recognizing the complementary character of the two sectors. But, they feel it necessary to strengthen the base of the economy and to create conditions of sufficiency and if possible even surplus in respect of food and raw materials which alone can help further development.

The strength of Indian economy like that of American economy will, in the changing circumstances, be in the enormous home market that can take any amount of industrial products covering common needs and requirements. From this point of view, the large population of the country provides a consumer potential of very great magnitude, and far from its being a liability, it may well turn out a great asset.

Considering the population, the following table proves the inadequacy of the development of banking in India compared with some foreign countries like United Kingdom, United States of America, etc.

Country	Area in Sq. Miles	Population	No. of Banking Offices	No. Banking Offices per Million of Population
United Kingdom	89,000	50,000,000	11,461	229
U. S. A.	3,674,000	147,000,000	18,975	129
Canada	3,690,000	13,000,000	3,323	256
Australia	2,975,000	8,000,000	3,599	450
India	1,220,000	337,000,000	5,558	16

The inadequacy of development of banking is to be linked to the inadequate economic development. Further, there has been heavy concentration of banks in larger towns and cities while smaller and semi-urban towns receive less attention.

Out of a total number of 3,991 offices in the States as per 1949 statistics, 2,089 were situated in large cities and district headquarters towns while only 1,902 offices were in other centers. Out of these, only 96 offices were in towns with a population of less than 10,000. Viewed thus, banking facilities in the medium-sized towns accessible to a large belt of villages situated around these towns, comprising a mixed population of agriculturists, small traders, etc., would be of great benefit to the rural areas. To this end, encouragement is being offered by Reserve Bank of India and Government for banks to establish branches in such rural parts.

The different requirements of people may not all be provided by one set of institutions following set conditions and codes of working. In fact, Imperial Bank of India holds a peculiar and unique status and probably a semi-public character. Among the commercial banks, there are a few institutions working on an all-India basis with large resources and a network of branches all over India and there are also much larger number of regional institutions with local interests and contacts with their own distinct sphere of operations. It might be said that the large commercial banks afford banking facilities only indirectly to the people through indigenous bankers and affluent landholders. The smaller banks have greater local contacts and also adopt less rigid methods of business offering higher rates of interest on deposits and making advances on various types of securities. Therefore, it is to be argued that the various types of institutions operating in the country have their own place in the banking system. But the Banking Companies Act has ensured a certain amount of coordination in their activities under the guidance of the Reserve Bank of India and a fair standard of soundness, efficiency and service to the people has been established. It might also be emphasized that there cannot be any fears of competition among these institutions, but they must be considered complementary to each other.

The one great point which is now engaging the attention of government is the growing operating expenses due to the creation of disruption of feeling among the workmen. It might be interesting to state in this context that the ratio of establishment expenses to deposits of member banks in U. S. A. has risen from 0.5% in 1949 to 0.84% in 1952 while in India it has increased from 1.36% in 1949 to 1.80% in 1952. It has come to be recognized that this wage structure cannot help to improve or expand banking facilities with a view to improve the economy of the country.

In conclusion, it should be said that the banking system in India is now on firm and sure foundation. It is vested with responsibilities of not only increasing its resources, but also to make an effective use of them. There is reason to believe that the system is now working very satisfactorily with the various measures of safety prescribed by the Banking Companies Act and the careful application of them by Reserve Bank of India.

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Oilier Oil Wells

because of a broken bond or seal in back of the casing caused by these explosives.

This leads us up to the latest advance in so called "stimulation" techniques for oil extraction. It has been called a permeator sleeve, and the writer was given the unique opportunity to see it in preview, in company with a small group of industry executives at the invitation of the management of National Petroleum Corporation. The premier showing was given recently at a famous Middle Western milling and tool company. Basically this sleeve is a slow motion closed tubed made of magnesium which penetrates, in a two phase manner, through previously prepared holes in the casing or liner and the wet cement, and lands snugly against the wall of the hole.

By this new (patented) method, small telescopic tubes consisting of a bushing enclosing a sleeve and a piston, made of magnesium alloy, are extruded through *previously prepared portholes* drilled in the casing *before* it is lowered in the ground. These bushings are screw threaded in the liner or casing, also before the same are lowered into the well. Therefore, no burrs or explosions occur below ground by this new method. These tubes are *hydraulically* rammed against the wall of the bore hole, opposite selected oil zones, *immediately* after the well has been cemented. These sleeves push through the unset, wet cement, as opposed to the previous methods of shooting through steel and hard set cement and shattering it. Each tube has an oil resistant seal between its members, rigidly locked into position and is non-retractably engaged into position against the formation by several locking devices. The cement *then* hardens around these tubes.

When in place, the tubes are so set that the inside bore of the casing is absolutely smooth and clean. These tubes, when later dissolved by acid, leave a series of small tunnels from the face of the bore hole to within the liner or casing; and are placed opposite producing bands selected by the operator. The sleeves or tubes are radially placed in the pipe sections to contact the oil bearing zones from every direction.

In the test, a hydraulic pressure rose above 2,000 pounds per sq. in., the whole series of sleeves in the pipe section slowly expanded, first the primary sleeve and then the piston, till they were all expanded to a full 2 inches from the exterior face of the casing in all directions—far enough to easily penetrate the freshly pumped cement on the outside of the casing. Pressures were than run up on these tubes much higher than even the steel casing could hold or withstand, and the tubes held without a drop of leakage — the sealing devices are so well designed and built.

After three days time (to allow the cement to set) acid is introduced and the magnesium plugs dissolved as if by magic, each one leaving a smooth 1¼ inch hole directly from the oil zones to within the casing. These fascinating and revolutionary magnesium sleeves permeate the saturated strata by multiple entry, and become acidizng or sand fracturing orifices working with maximum effect into each of several strata.

Now for the first time in oil producing history, because of the unbroken cement seal in back of the casing, practically all bands of the producible oil and gas zone, no matter how close together, can be effectively isolated, treated and stimulated at the oil operator's command as he desires because the pressurized stimulating treatment can be confined, without loss of seal in back of casing, to each and every band of now producible oil.

Looking at this new device from the larger viewpoint, it opens up brand new vistas, vast new horizons, of oil production. Whereas these new permeator sleeves are not yet actually in use in wells (they are just now "tooled-up" for production in large quantity), laboratory tests witnesed by the writer so accurately duplicated actual field pressures and conditions that impressive success can be quite safely predicted. If maximum effectiveness is achieved by this fascinating new permeator sleeve, then each new oil and gas well, especially in limestone, has its total projected output multiplied many times; and a great many producing wells can be retreated to disgorge oil from inaccessible bands previously untapped. The implications of this new invention are for a vast expansion of our oil reserves.

The permeator sleeve is now patented in Canada and pending in the United States, and practically all oil producing countries (except Communist States). It is a remarkable advance in petroleum engineering, making possible, for the first time, treatment by mechanical and/or chemical means of all strata of varying permeabilities within a proven oil reservoir. The U. S. rights are, I am reliably informed, vested in National Petroleum Corporation, an enterprise operating as an Alberta producer for 18 years and possessing considerable and favorably located land spread between Calgary and the United States border. The value of the permeator patents to National Pete might indeed prove considerable. The shares of National Petroleum are listed not only in Calgary and Toronto but on the American Stock Exchange.

Production of this device in quantity is scheduled to start this week. Whatever method of stimulation the oil industry uses or finds to increase production, it can now, by use of the magnesium permeator sleeve, do so in a multiplicity of places. This radical stimulation of oil production should have a tremendous impact on global delivery of the world's most important fuel.

Lee Higginson Group Offer Col. & So. Ohio Electric 3¼% Bonds

Lee Higginson Corporation heads an investment banking group which today (Sept. 30) is publicly offering $10,000,000 of Columbus and Southern Ohio Electric Co. first mortgage bonds 3¼% series due 1984. The bonds are priced at 102.915% and accrued interest, to yield 3.10% to maturity. The issue was awarded at competitive bidding on Wednesday.

The bonds are redeemable at regular redemption prices scaled from 105.92 commencing Oct. 1, 1954 to 100 after Oct. 1, 1983. They are also redeemable under a sinking fund at prices scaled from 102.60 to 100.

Proceeds of the offering and from last week's public sale of 200,000 common shares will be used to carry on the company's construction program, including repayment of bank loans amounting to $7,600,000 incurred for additions and improvements to electric properties.

The company is an operating public utility providing electric service in two areas in Ohio comprising portions of 22 counties with a population estimated at 900,000. This includes an area in and around Columbus, Ohio, third largest city in Ohio. In addition, wholesale service is furnished to Ohio-Midland Light and Power Co., to three small municipalities in the company's service territory and to rural electric cooperative associations in or adjacent to such territory.

For the 12 months ended July 31, 1954 the company had consolidated total operating revenues of $39,055,815 and net income of $5,404,795.

Audubon Park Raceway Stock Offer Completed

Public offering of 900,000 common shares (par 10 cents) of Audubon Park Raceway, Inc., was made Sept. 24 at $1 per share by Berwyn T. Moore & Co., Inc., of Louisville, Ky., and Gearhart & Otis, Inc., and F. H. Crerie and Co., Inc., of New York, N. Y. The shares offered as a speculation were all sold the same day.

The net proceeds of the financing, together with other funds, would be used for the purchase of the property and equipment and construction of the plant, with an estimated balance of some $150,000 expected to be available for working capital.

The corporation was organized under Delaware laws on June 28 this year and has obtained a license to conduct harness horse racing in Henderson County, Ky. It has an option on land on which it intends to erect a racing plant for the purpose of conducting harness horse race meets with legalized betting by pari-mutual machines.

The projected racing site is located approximately five miles from the center of Evansville, in Vanderburgh County, Ind. Population of the area within a 40-mile radius of the racing site is 355,000.

With Walter Gorey

CARMEL, Calif.—W. Dee Scherman has become associated with Walter C. Gorey Co. of San Francisco. Mr. Scherman was previously local manager for Hooker & Fay.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

★ Alabama Gas Corp., Birmingham, Ala.
Sept. 29 filed 84,119 shares of common stock (par $2) to be offered for subscription by common stockholders at rate of one new share for each 10 shares held (with an oversubscription privilege). Present plans call for mailing warrants during latter part of October and for the warrants to expire about mid-November. **Price**—To be supplied by amendment. **Proceeds** — For construction program. **Underwriter**—Allen & Co., New York.

★ Allied Thermal Corp., New Britain, Conn.
Sept. 23 (letter of notification) 5,333 shares of common stock (par $25) to be offered for subscription by stockholders of record Sept. 23 on the basis of one new share for each 15 shares held; rights to expire on Nov. 1. **Price**—$45 per share. **Proceeds**—For working capital, etc. **Office**—Corbin Ave., New Britain, Conn. **Underwriter**—None.

Amalgamated Uranium Corp., Salt Lake City, Utah
Sept. 1 (letter of notification) 2,500,000 shares of common stock (par three cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office**—218 Atlas Bldg., Salt Lake City, Utah. **Underwriter**—Ned J. Bowman Co., the same city.

American Buyers Credit Co., Phoenix, Ariz.
Aug. 6 filed 5,000,000 shares of common stock to be issued to policyholders of American Buyers Insurance Co. and American Buyers Casualty Co., and employees. **Price**—To so-called "Expansion Policyholders" (various policyholders of both insurance companies), and employees, at par ($1 per share); and to all other policyholders in the insurance companies, $1.25 per share. **Proceeds**—To expand in the small loan field. **Underwriter**—None.

American Independent Reinsurance Co.
Sept. 2 filed 900,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To be invested in securities of other companies and for working capital. **Office**—Orlando, Fla. **Underwriter** — Goodbody & Co., St. Petersburg, Fla.

★ American Mercury Insurance Co., Washington, D. C. (10/18)
Sept. 27 filed 150,000 shares of capital stock (par $1) to be offered for subscription by stockholders of record Oct. 15, 1954 on the basis of three new shares for each five shares held. **Price**—$2 per share. **Proceeds**—To finance growth and expansion of the company's business. **Underwriters** — Johnston, Lemon & Co., Washington, D. C.; and Hettlemen & Co., New York, N. Y.

● American Seal-Kap Corp. of Delaware
Aug. 25 filed 61,312 shares of common stock (par $2) being offered for subscription by common stockholders on the basis of one new share for each three shares held as of Sept. 22; rights expire Oct. 5 **Price**—$11.50 per share. **Proceeds**—For expansion in the cup business and for general corporate purposes. **Office** — Long Island City, N. Y. **Underwriters** — American Securities Corp. and Hirsch & Co., both of New York City.

American Transit Corp., St. Louis, Mo.
Sept. 13 (letter of notification) 12,000 shares of 6% cumulative convertible preferred stock, series A. **Price**—At par ($25 per share). **Proceeds**—For working capital. **Office**—1034 Locust St., St. Louis, Mo. **Underwriter**—Newhard, Cook & Co., the same city.

American Uranium, Inc., Moab, Utah
Aug. 18 (letter of notification) 3,320,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For exploration and development expenses. **Underwriter**—Ogden Uranium Brokerage Co., Ogden, Utah.

Ampal-American Israel Corp., New York
Sept. 17 filed $5,000,000 of 10-year 5% sinking fund debentures, series C, due 1964; $3,125,000 of 5-year discount debentures, series D; and $4,100,000 of 10-year discount debentures, series E. **Price**—Series C, at par; series D $2,507,659.53, to yield return equal to compound interest at rate of 4½% per annum, compounded; and series E $2,502,111.10, to yield 5%. **Proceeds**—For development and expansion of agricultural, industrial and commercial enterprises in Israel. **Underwriter**—None.

Arco Uranium, Inc., Denver, Colo.
Sept. 7 filed 2,500,000 shares of common stock, of which 1,000,000 shares are to be publicly offered, 1,000,000 shares in exchange for property and 300,000 shares to be optioned to Benjamin Arkin, President, and 200,000 shares to be optioned to underwriters. **Price**—At par (50 cents per share). **Proceeds**—To repay advances and loan from Mr. Arkin, purchase equipment and for exploration and development expenses. **Underwriter** — Peters, Writer & Christensen, Inc., Denver, Colo.

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.

Automatic Remote Systems, Inc., Baltimore
Aug. 4 filed 620,000 shares of common stock (par 50 cents), of which 540,000 shares are to be offered to public and 80,000 shares to be issued to underwriter. **Price**—$3.75 per share. **Proceeds**—For manufacture of Telebet units and Teleac systems and additions to working capital. **Underwriter**—Mitchell Securities, Inc., Baltimore, Md.

Big Bend Uranium Co., Salt Lake City, Utah
Aug. 6 (letter of notification) 7,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—510 Newhouse Building, Salt Lake City, Utah. **Underwriter** — Call-Smoot Co., Phillips Building, same city.

★ Big Horn Mountain Uranium Co., Boulder, Colo.
Sept. 23 (letter of notification) 30,000,000 shares of common stock (par one cent), of which 10,000,000 shares are to be issued in exchange for outstanding shares of American Ajax Co. (predecessor company) and 20,000,000 shares are to be offered initially to stockholders of United Empire Gold Mines Co., owner of Big Horn's leased properties. **Price** — At par. **Proceeds** — For exploration and development costs. **Office**—1424 Pearl St., Boulder, Colo. **Underwriter**—E. V. Lamey, 6201 Sand Springs Road, Fort Worth 14, Tex.

★ Big Horn Uranium Corp., Ogden, Utah
Sept. 23 (letter of notification) 4,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For exploration and development expenses. **Office**—3375 Harrison Blvd., Ogden, Utah. **Underwriter**—Allan W. Egbert Co., 2306 Iowa Ave., Ogden, Utah.

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.

Black Hawk Uranium & Metals Co.
Aug. 9 (letter of notification) 5,000,000 shares of capital stock. **Price**—At par (two cents per share). **Proceeds**—For mining operations. **Office**—136 S. State Street, Salt Lake City, Utah. **Underwriter**—P. G. Christopulos & Co., same city.

● Bonanza Oil & Mine Corp. (10/5)
Sept. 13 (letter of notification) 240,000 shares of common stock (par 10 cents). **Price**—At market (estimated at $1.25 per share). **Proceeds**—For expenses incident to mining of quicksilver. **Office**—Sutherline, Ore. **Underwriter**—L. D. Friedman & Co., Inc., New York.

Bonneville Basin Uranium Corp.
Aug. 23 (letter of notification) 15,000,000 shares of capital stock. **Price** — At par (two cents per share). **Proceeds** — For exploration and development expenses. **Office**—629 East South Temple St., Salt Lake City, Utah. **Underwriter**—Van Blerkom & Co., of the same city.

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.

★ Bureau of National Affairs, Inc.
Sept. 20 (letter of notification) 500 shares of common stock (no par). **Price** — $32 per share. **Proceeds** — To meet current operating expenses and other obligations. **Office**—1231—24th St., N. W., Washington 7, D. C. **Underwriter**—None.

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NEW ISSUE CALENDAR

September 30 (Thursday)
Louisville & Nashville RR. ____ **Bonds**
(Bids noon EST) $30,350,000

October 1 (Friday)
Columbia Telephone Co. ____ **Common**
(Offering to stockholders—no underwriters) $200,000
Southern New England Telephone Co. ____ **Common**
(Offering to stockholders—no underwriting) 488,888 shares

October 4 (Monday)
Nevada Southern Gas Co. ____ **Preferred & Common**
(First California Co., Inc.) $1,000,000
Public Service Co. of Colorado ____ **Bonds**
(Bids noon EST) $20,000,000
Wisconsin Power & Light Co. ____ **Bonds**
(Bids 10:30 a.m. CST) $18,000,000

October 5 (Tuesday)
Bonanza Oil & Mine Corp. ____ **Common**
(L. D. Friedman & Co., Inc.) $300,000
Hudson Pulp & Paper Corp. ____ **Preferred**
(Lee Higginson Corp.) 200,000 shares
Indiana & Michigan Electric Co. ____ **Bonds**
(Bids 11 a.m. EST) $16,500,000
Indiana & Michigan Electric Co. ____ **Preferred**
(Bids 11 a.m. EST) $4,000,000
Metropolitan Edison Co. ____ **Bonds**
(Bids noon EST) $15,000,000
New York, Chicago & St. Louis RR. ____ **Equip. Trust Ctfs.**
(Bids to be invited) $1,020,000
Sierra Pacific Power Co. ____ **Common**
(Offering to stockholders—to be underwritten by Stone & Webster Securities Corp. and Dean Witter & Co.) 34,807 shares
Syracuse Supply Co. ____ **Common**
(George D. B. Bonbright & Co.) $240,500

October 6 (Wednesday)
Southern Pacific Co. ____ **Equip. Trust Ctfs.**
(Bids noon EST) $8,505,000

October 7 (Thursday)
New York, New Haven & Hartford RR. ____ **Equip. Trust Ctfs.**
(Bids noon EST) $2,595,000
Southern New England Telephone Co. ____ **Common**
(Bids 11 a.m. EST) 130,411 shares

October 8 (Friday)
Central Louisiana Electric Co., Inc. ____ **Debentures**
(Offering to common stockholders—underwritten by Kidder, Peabody & Co.) $3,772,100

October 11 (Monday)
Anglo California National Bank ____ **Common**
(Offering to stockholders—underwritten by Blyth & Co., Inc.) $11,812,500
Cott Beverage Corp. ____ **Common**
(Ira Haupt & Co.) 200,000 shares
Fitzsimmons Stores, Inc. ____ **Class A**
(Reynolds & Co. and Lester, Ryons & Co.) 100,000 shares
Israel-Mediterranean Petroleum, Inc. ____ **Common**
(Gearhart & Otis, Inc.) 750,000 shares
Pan-Israel Oil Co., Inc. ____ **Common**
(Gearhart & Otis, Inc.) 750,000 shares
State Loan & Finance Corp. ____ **Debentures**
(Johnston, Lemon & Co.) $8,000,000

October 12 (Tuesday)
Clary Multiplier Corp. ____ **Common**
(Blyth & Co., Inc.) 250,000 shares
Hercules Plastics Corp. ____ **Common**
(Lincoln Securities Corp.) $150,000

October 13 (Wednesday)
Mississippi Power & Light Co. ____ **Preferred**
(Bids 11 a.m. EST) $4,447,600
Savannah Electric & Power Co. ____ **Bonds, Debs. & Preferred**
(Bids 11 a.m. EST) $11,000,000
Zotox Pharmacal Co., Inc. ____ **Common**
(Frederick H. Hatch & Co., Inc.) $300,000

October 14 (Thursday)
General Gas Corp. ____ **Common**
(Kidder, Peabody & Co.) 100,000 shares
Incorporated Income Fund ____ **Common**
(Kidder, Peabody & Co.) 750,000 shares
Wisconsin Public Service Corp. ____ **Bonds**
(Bids 10 a.m. CST) $12,500,000

October 15 (Friday)
Continental Uranium, Inc. ____ **Common**
(Van Alstyne, Noel & Co.) $1,250,000
Thompson-Starrett Co., Inc. ____ **Preferred**
(Blair & Co., Inc. and Emanuel, Deetjen & Co.) $1,450,000

October 18 (Monday)
American Mercury Insurance Co. ____ **Common**
(Offering to stockholders—underwritten by Johnston, Lemon & Co. and Hettlemen & Co.) $300,000
Texas Power & Light Co. ____ **Bonds**
(Bids 11:30 a.m. EST) $20,000,000

October 19 (Tuesday)
New York Telephone Co. ____ **Bonds**
(Bids to be invited) $75,000,000

October 20 (Wednesday)
Louisiana Power & Light Co. ____ **Bonds**
(Bids to be invited) $18,000,000

October 26 (Tuesday)
Florida Power Corp. ____ **Bonds**
(Bids to be invited) $12,000,000

October 27 (Wednesday)
Florida Power & Light Co. ____ **Bonds**
(Bids 11:30 a.m. EST) $11,000,000

November 8 (Monday)
National Fuel Gas Co. ____ **Common**
(Offering to stockholders—no underwriting) 381,018 shares

November 9 (Tuesday)
Sierra Pacific Power Co. ____ **Bonds**
(Bids to be invited) $4,000,000

November 16 (Tuesday)
Pacific Telephone & Telegraph Co. ____ **Debentures**
(Bids to be invited) $50,000,000

Continued from page 53

Cahokia Downs, Inc., East St. Louis, Ill.
Aug. 30 filed 140,000 shares of common stock (par $1) to be offered for subscription by stockholders of record Aug. 28. **Price**—$5 per share. **Proceeds**—For construction of racing plant. **Underwriter**—None. The directors and their associates will purchase any unsold shares.

Cane Springs Uranium Corp.
Sept. 16 (letter of notification) 1,200,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds**—For exploration and development costs. **Office**—404 N. 2nd West, Salt Lake City, Utah. **Underwriter**—Luster Securities & Co., Jersey City, N. J.

● **Caramba McKake Corp. of America**
Sept. 17 (letter of notification) 100,000 shares of class A stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To purchase equipment and machinery and for working capital. **Office**—615 Adams St., Hoboken, N. J. **Underwriter**—Garden State Securities, same city.

Carolina Resources Corp.
Aug. 19 (letter of notification) 299,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To acquire claims and mining equipment, erect and equip processing plant, and for working capital. **Office**—Nantahala Bldg., Franklin, N. C. **Underwriter** — Allen E. Beers Co., Western Savings Fund Bldg., Phila. 7, Pa.

Central Louisiana Electric Co., Inc. (10/8)
Sept. 22 filed $3,772,100 of convertible debentures due 1964 to be offered for subscription by common stockholders of record Oct. 4, 1954, on the basis of $100 of debentures for each 27 shares of common stock held; rights to expire on Oct. 27. **Price**—To be supplied by amendment. **Proceeds**—To retire $2,800,000 outstanding 4½% debentures due 1972 and for construction program. **Underwriter**—Kidder, Peabody & Co., New York.

★ **Certain-teed Products Corp., Ardmore, Pa.**
Sept. 28 filed 412,950 shares of common stock (par $1) to be offered in exchange for 825,900 shares of capital stock (par $7) of Wm. Cameron & Co., Waco, Tex., at rate of one-half share of Certain-teed, plus $11.50 per share in cash for each share of Cameron stock.

● **Chemical Products Corp.**
Aug 27 filed 125,000 shares of common stock (par $1), of which 111,638 shares are being offered by Photon, Inc. for subscription by its stockholders on the basis of one share for each two shares of Photon, Inc. held as of Sept. 21; with rights to expire on Oct. 6 (with an oversubscription privilege); and the remaining 13,362 shares are to be offered by Chemical Products Corp. to its employees. **Price**—$7 per share. **Proceeds**—For general corporate purposes. **Underwriter**—G. H. Walker & Co., Providence, R. I.

Chief Ute Uranium, Inc.
Sept. 10 (letter of notification) 3,500,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For exploration and development costs. **Office**—638 S. State St., Salt Lake City, Utah. **Underwriter**—Ned J. Bowman & Co., the same city.

★ **Clary Multiplier Corp., San Gabriel, Calif. (10/12)**
Sept. 27 filed 250,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To retire bank loans, to develop new electronic digital computer and other products and for working capital. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif., and New York, N. Y.

Cleary Oil Co., Ltd., Calgary, Alta., Canada
Aug. 31 (regulation "D") 28,570 shares of common stock (par $10). **Price**—$10.50 per share. **Proceeds**—For general corporate purposes. **Underwriter** — Bailey & Co., Fresno, Calif.

★ **Colorado Basin Associates, Inc., Yuma, Ariz.**
Sept. 20 (letter of notification) 12,500 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For oil and gas exploration. **Address**—P. O. Box 1049, Yuma, Ariz. **Underwriter**—None.

Colorado Mining Corp., Denver, Colo.
Aug. 23 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—At the market (estimated at $1 per share). **Proceeds**—To certain selling stockholders. **Underwriter**—L. D. Friedman & Co., Inc., New York.

● **Colorado Sports Racing Association**
Aug. 19 (letter of notification) 297,995 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For construction of track and working capital. **Office** — Equitable Bldg., Denver, Colo. **Underwriter** — General Investing Co., same city. Statement withdrawn.

Columbia Telephone Co. (10/1)
Sept. 16 (letter of notification) 5,000 shares of common stock (par $25) to be offered to common stockholders of record Sept. 30, 1954, on the basis of five new shares for each 13 shares held; rights to expire on Oct. 31. **Price**—$40 per share. **Proceeds**—To convert to dial operation and for modernization and expansion of company's facilities. **Office**—40 North Third St., Columbia, Pa. **Underwriter**—None.

Consol. Edison Co. of New York, Inc.
April 7 filed $50,000,000 of first and refunding mortgage bonds, series K, due May 1, 1984. **Proceeds**—To be applied towards cost of redeeming $27,982,000 New York Steam Corp. first mortgage bonds and $25,000,000 Westchester Lighting Co. general mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Offering**—Originally set for May 11, but has been postponed because of market conditions. No new date set.

Consolidated Industries, Inc., Lafayette, Ind.
Sept. 10 (letter of notification) 31,000 shares of common stock (par $1). **Price**—$3.37½ per share. **Proceeds**—To pay current liabilities and to increase working capital. **Office**—U. S. Highway 52, By-Pass, Lafayette, Ind. **Underwriter**—Swift, Henke & Co., Chicago, Ill.

★ **Continental Uranium, Inc. (10/15-20)**
Sept. 24 filed 500,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds**—To pay for properties, for development and drilling program and for general corporate purposes. **Office** — Chicago, Ill. **Underwriter**—Van Alstyne, Noel & Co., New York.

● **Cott Beverage Co. (10/11-12)**
Aug. 27 filed 200,000 shares of common stock (par $1.50), of which 120,000 shares are for the account of the company and 80,000 shares for certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For expansion. **Office**—New Haven, Conn. **Underwriter**—Ira Haupt & Co., New York.

★ **Crestview Memorial Park, Inc., Dallas, Tex.**
Sept. 21 (letter of notification) 295,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For perpetual care of cemeteries, etc. **Office** — 304 Empire State Bank Bldg., Dallas, Tex. **Underwriter** — Transwestern Investment Co., Inc., the same city.

★ **Diamond Oils, Inc., Pierre, S. D.**
Sept. 22 (letter of notification) 480,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For working capital, etc. **Office**—812 North Euclid Ave., Pierre, S. D. **Underwriter**—None.

★ **Dole (James) Engineering Co.**
Sept. 17 (letter of notification) $216,619 of 5% convertible income notes due Jan. 1, 1961 to be offered to stockholders. Each $1 of notes is convertible into one share of common stock (par $1). **Price**—At par. **Proceeds**—For working capital. **Office**—58 Sutter St., San Francisco, Calif. **Underwriter**—None.

El Dorado Mining Co.
Aug. 23 (letter of notification) 17,500,000 shares of common stock. **Price** — At par (one cent per share). **Proceeds** — For exploration and development expenses. **Office**—223 Phillips Petroleum Building, Salt Lake City, Utah. **Underwriter**—Van Blerkom & Co., same city.

Eldorado Uranium Corp., Austin, Nev.
Sept. 15 (letter of notification) 2,500,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Underwriter**—Allied Underwriters Co., Las Vegas, Nev.

★ **Farmers Underwriters Association, Los Angeles, Calif.**
Sept. 17 (letter of notification) 3,000 shares of common stock (par $1). **Price**—$30.90 per share. **Proceeds**—To John C. Tyler, Chairman of the Board. **Office** — 4680 Wilshire Boulevard 54, Los Angeles, Calif. **Underwriter**—Lester, Ryons & Co., same city.

Federal Pacific Electric Co.
Sept. 17 (letter of notification) 8,500 shares of common stock (par $1). **Price**—At market (aggregate not to exceed $100,000). **Proceeds**—To a selling stockholder. **Office**—50 Paris St., Newark, N. J. **Underwriter**—H. M. Byllesly & Co. (Inc.), Chicago, Ill.

Fidelity Acceptance Corp., Minneapolis, Minn.
Aug. 30 filed 6,000 shares of 7% cumulative preferred stock (par $25), to be offered to employees; $900,000 of 5¾% capital debentures and 24,000 shares of 6% cumulative class E preferred stock (par $25). **Price**—At par. **Proceeds**—To reduce outstanding bank loans. **Underwriters**—M. H. Bishop & Co., Minneapolis, Minn., and B. I. Barnes, Boulder, Colo.

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.

★ **Fine Arts Acceptance Corp.**
Sept. 23 (letter of notification) 3,600 shares of common stock and 3,000 shares of preferred stock. **Price**—At par ($25 per share). **Proceeds**—For working capital. **Office** — 12 South 12th St., Philadelphia, Pa. **Underwriter** — None.

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, 1988, being 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 at $4.10 per share upon exercise of warrants within 30 days from date of issuance, and 210,000 shares being 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. The exchange offer will expire on Oct. 5.

● **Fitzsimmons Stores, Ltd., (10/11-15)**
Sept. 21 filed 100,000 shares of class A stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire bank and insurance company loans and to increase working capital. **Underwriters**—Reynolds & Co., New York, and Lester, Ryons & Co., Los Angeles, Calif.

★ **Florida Power Corp. (10/26)**
Sept. 28 filed $12,000,000 of first mortgage bonds due 1984. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); The First Boston Corp.; Lehman Brothers; Glore, Forgan & Co. **Bids**—Expected to be received on Oct. 26.

● **Forming Machine Co. of America, Inc.**
Sept. 1 (letter of notification) 7,000 shares of common stock (par $1) being offered for subscription by stockholders of record Sept. 24 for a 30-day period on a 1-for-5 basis (with an oversubscription privilege). **Price**—$25 per share to stockholders; $30 to public. **Proceeds**—For working capital. **Office**—18 Hamilton St., Bound Brook, N. J. **Underwriter**—None.

Gateway Uranium Corp., Salt Lake City, Utah
Sept. 10 (letter of notification) 1,192,000 shares of common stock (par 20 cents). **Price** — 25 cents per share. **Proceeds**—For exploration and development costs, etc. **Office**—Hotel Newhouse, Salt Lake City, Utah. **Underwriter**—Muir, Dumke & Co., Salt Lake City, Utah, and Las Vegas, Nev.

● **General Gas Corp.**
Sept. 22 filed 143,500 shares of common stock (par $5) to be offered in exchange for common stock of Consolidated Gas Co. of Atlanta, Ga., on the basis of 63/100ths of a share of General Gas for each Consolidated share. The offer is subject to deposit of at least 175,000 shares of Consolidated stock out of 210,000 shares outstanding. **Underwriter**—None.

● **General Gas Corp., Baton Rouge, La. (10/14)**
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.

General Services Life Insurance Co.
Sept. 14 filed 50,000 shares of class A common stock (par $1). **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Office**—Washington, D. C. **Underwriter**—None.

Georgia Power Co.
Aug. 26 filed 433,869 shares of $4.60 cumulative preferred stock (no par) which are being offered in exchange, together with $5.13⅔ per share in cash, for the outstanding 433,869 shares of $6 preferred stock. The exchange will be from Sept. 15 to Oct. 4. Unexchanged stock will be redeemed on Nov. 6, 1954, at $110 per share. **Price** — Of new stock expected to be $105 per share. **Underwriters**—The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Union Securities Corp.; and Equitable Securities Corp.

Great Basins Petroleum Co., Denver, Colo.
Aug. 30 filed 500,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and reduce other debt. **Underwriter**—First California Co., Inc., San Francisco, Calif.

★ **Great Chief Uranium Co., Salt Lake City, Utah**
Sept. 20 (letter of notification) 20,000,000 shares of common stock. **Price** — At par (one cent per share). **Proceeds** — For exploration and development costs, etc. **Office** — 412 Walker Bank Bldg., Salt Lake City, Utah. **Underwriter**—Havenor-Cayias, Inc., same city.

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.

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.

Gulf Sulphur Corp., North Kansas City, Mo.
Sept. 15 filed 92,310 shares of 60-cent cumulative convertible preferred and participating stock (par 10 cents), of which 57,310 shares are to be offered publicly at $10 per share and 35,000 shares to be sold to V. V. Jacomini, a partner of Tehuantepec Co., on an investment basis, at $8.50 per share. **Proceeds** — For operating expenses and exploration development. **Underwriters** — For the 57,310 shares, Fridley & Hess and Crockett & Co., both of Houston, Tex.

Hawaiian Electric Co., Ltd., Honolulu
Sept. 14 filed 50,000 shares of common stock (par $20) to be offered for subscription by stockholders at rate of one new share for each 13 shares held. **Price**—To be supplied by amendment. **Proceeds** — For construction program. **Underwriter**—None.

● **Hercules Plastics Corp. (10/12)**
Sept. 9 (letter of notification) 75,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—To repay a $17,500 loan; for cost of mold, $20,000; for manufacture and assembling of dishwasher and vacuum breaker-check valve. **Office** — 9 Rochefeller Plaza, New York, N. Y. **Underwriter**—Lincoln Securities Corp., New York.

Home Telephone & Telegraph Co.
Sept. 10 (letter of notification) 36,000 shares of common stock (no par), to be offered for subscription by stockholders (of which 27,358 shares will be purchased by Telephone Bond & Share Co., the parent). **Price**—$20 per share. **Proceeds**—For construction costs and working capital. **Office**—303 E. Berry St., Fort Wayne, Ind. **Underwriter**—None.

● **Hudson Pulp & Paper Corp., N. Y. (10/5)**
Sept. 15 filed 200,000 shares of cumulative second preferred stock. **Price** — To be supplied by amendment. **Proceeds** — For expansion program. **Underwriter**—Lee Higginson Corp., New York.

★ **Husky Oil Co., Cody, Wyo.**
Sept. 29 filed 14,899 shares of 6% cumulative first preferred stock (par $100). **Price** — To be supplied by amendment. **Proceeds**—To purchase outstanding shares of prior preferred stock of Gate City Steel Works, Inc. of Omaha, and for drilling expenses, etc. **Underwriter**—First Trust Co. of Lincoln, Neb.

Incorporated Income Fund (10/14)
Sept. 15 filed 750,000 shares of common stock (par $1). **Price**—Expected to be around $8 per share. **Proceeds**—For investment. **Office**—Boston, Mass. **Underwriter**—Kidder, Peabody & Co., New York.

Indiana & Michigan Electric Co. (10/5)
Sept. 2 filed $16,500,000 of first mortgage bonds due 1984 and 40,000 shares of cumulative preferred stock (par $100). **Proceeds**—To repay bank loans and for new construction. **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. **Bids**—To be received up to 11 a.m. (EST) on Oct. 5 at office of American Gas & Electric Service Corp., 30 Church St., New York 8, N. Y.

★ **International Casualty Corp., Montgomery, Ala.**
Sept. 20 (letter of notification) preorganization subscriptions for 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For reserve and surplus. **Underwriter**—Jack Walden, Old South Life Bldg., 79 Commerce St., Montgomery, Ala.

Investment Corp. of America
Aug. 30 (letter of notification) 3,799 shares of cumulative preferred stock (no par) and 3,799 shares of common stock (no par). **Price**—For preferred, $20 per share, and for common, $2 per share. **Proceeds**—For working capital. **Office**—3603 Broadway, San Antonio, Tex. **Underwriter**—Interior Securities, Inc., San Antonio, Tex.

● **Israel-Mediterranean Petroleum, Inc. (10/11)**
Sept. 21 filed American voting trust certificates for 900,000 shares of common capital stock (par one cent), of which 750,000 shares are to be offered to public. The remaining 150,000 shares to be under option to underwriters. **Price**—Last sale on American Stock Exchange day preceding the offering. **Purpose**—For exploratory drilling and development of presently held acreage in Israel. **Underwriter**—Gearhart & Otis, Inc., New York.

★ **Kansas Oil Co., Inc., New York**
Sept. 20 (letter of notification) 25,000 shares of common stock (par 10 cents). **Price**—At market (estimated at 35 cents per share). **Proceeds**—To Eugene O. Kronisch, President. **Underwriter**—George B. Wallace & Co., New York.

Keystone Fund of Canada, Ltd., Montreal, Canada
Aug. 2 filed 1,250,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Underwriter**—The Keystone Co. of Boston, Boston, Mass.

★ **Kilburg (James) Corp., San Mateo, Calif.**
Sept. 20 (letter of notification) 100,465 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For working capital. **Office**—315 Eighth Ave., San Mateo, Calif. **Underwriter**—None.

Ladoric Mines Ltd., Montreal, Canada
July 30 (regulation "D") 600,000 shares of common stock (par five cents). **Price**—50 cents per share. **Proceeds**—For exploration, etc. **Office**—3455 Stanley St., Montreal, Canada. **Underwriter** — Daggett Securities, Inc., Newark, N. J.

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.

★ **Lester Engineering Co., Cleveland, Ohio**
Sept. 22 filed 100,000 shares of common stock (par $1), of which 85,000 shares are to be offered to public and 15,000 shares to stockholders and members of their families. **Price**—To public, $6 per share; and to stockholders, $5.25 per share. **Proceeds**—To be used as part payment for certain assets of The Phoenix Machine Co. **Underwriters**—Saunders, Stiver & Co. and The First Cleveland Corp., both of Cleveland, O.

★ **Lincoln Telephone & Telegraph Co.**
Sept. 22 (letter of notification) 9,623 shares of common stock (par $16⅔) to be offered for subscription by stockholders of record Sept. 1 on the basis of one new share for each 19 shares held; rights to expire on Nov. 2, 1954. **Price** — $26 per share. **Proceeds** — For working capital. **Office**—1342 M St., Lincoln, Neb. **Underwriter**—None.

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. **Underwriter**—Peter Morgan & Co., New York. **Offering**—Expected later in September.

Lorain Telephone Co., Lorain, Ohio
Sept. 7 (letter of notification) 2,500 shares of common stock (no par) to be first offered for subscription by stockholders. **Price**—$20 per share. **Proceeds**—To reimburse treasury for expenditures already made for additions to property. **Office**—203 West Ninth Street, Lorain, Ohio. **Underwriter**—None.

Louisiana Power & Light Co. (10/20)
Sept. 14 filed $18,000,000 of first mortgage bonds due 1984. **Proceeds**—To redeem $12,000,000 4% bonds due 1983, and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Shields & Co. (jointly); Salomon Bros. & Hutzler; Kuhn, Loeb & Co., Lehman Brothers and A. C. Allyn & Co. Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Union Securities Corp. and Wertheim & Co. (jointly); Blyth & Co., Inc.; W. C. Langley & Co., The First Boston Corp. and Glore Forgan & Co. (jointly); Harriman Ripley & Co. Inc. **Bids**—Expected Oct. 20.

Mac Fos Uranium, Inc., Salt Lake City, Utah
Sept. 16 (letter of notification) 4,000,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds**—For exploration and development costs. **Office**—239 Ness Bldg., Salt Lake City, Utah. **Underwriter**—Utah Securities Co., same city.

★ **MacGregor Sport Products, Inc.**
Sept. 22 (letter of notification) 15,500 shares of common stock (par $7). **Price**—$15 per share. **Proceeds**—For manufacturing facilities (golf and athletic equipment). **Office** — 4861 Spring Grove Ave., Cincinnati, Ohio. **Underwriter**—None.

Magic Metals Uranium Corp.
Sept. 14 (letter of notification) 2,995,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For exploration and development expenses. **Office**—65 East 4th South, Salt Lake City, Utah. **Underwriter**—Mid-Coninent Securities, Inc., the same city.

★ **Magyar Publishing Co., Inc.**
Sept. 23 (letter of notification) 10,000 shares of common stock. **Price** — At par ($10 per share). **Proceeds** — To print a Hungarian language paper. **Office**—30-60 29th St., Astoria, L. I., N. Y. **Underwriter**—None.

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.

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.

Merritt-Chapman & Scott Corp.
Sept. 7 filed 448,868 shares of common stock (par $12.50) to be offered in exchange for stock of the Marion Power Shovel Co. and Osgood Co. on the basis of three shares for each two Marion Power common shares, and two shares for each three shares of Osgood Co.'s class A and class B stock not held by Marion Power Shovel Co. **Underwriter**—None.

Metropolitan Edison Co. (10/5)
Sept. 3 filed $15,000,000 of first mortgage bonds due 1984. **Proceeds** — To redeem $8,000,000 of 3⅞% first mortgage bonds due 1983; to repay bank loans and 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). **Bids**—To be received up to noon (EST) on Oct. 5 at offices of General Public Utilities Corp., 67 Broad St., New York, N. Y.

● **Middle South Utilities, Inc.**
Sept. 1 filed 475,000 shares of common stock (par $10) being offered for subscription by common stockholders of record Sept. 22 on the basis of one new share for each 15 shares held (with an oversubscription privilege); rights to expire Oct. 8. **Price**—$28 per share. **Proceeds**—To retire $12,000,000 of bank loans and for investment in the System companies and for other corporate purposes. **Underwriter**—None.

★ **Milton Roy Co.**
Sept. 23 (letter of notification) 9,000 shares of class B common stock (no par) and 1,000 shares of preferred stock (par $50). **Price**—For common, $17.89 per share; and for preferred, $50 per share. **Proceeds**—To reduce debt and for working capital. **Business**—Manufactures controlled volume chemical pumps and chemical feed systems. **Office**—1300 East Mermaid Lane, Chestnut Hill, Philadelphia, Pa. **Underwriter**—None.

Mississippi Power & Light Co. (10/13)
Sept. 3 filed 44,476 shares of cumulative preferred stock (par $100) to be offered in exchange for a like number of outstanding shares of $6 cumulative preferred stock (no par) on a share-for-share basis (with a cash adjustment). **Underwriter**—To be determined by competitive bidding. Probable bidders: Union Securities Corp. and Equitable Securities Corp. (jointly); Lehman Brothers; Blyth & Co., Inc. and Shields & Co. (jointly); White, Weld & Co. and Kidder, Peabody & Co. (jointly); W. C. Langley & Co. and The First Boston Corp. **Bids**—Expected to be received up to 11 a.m. (EST) on Oct 13, at 2 Retcor St., New York, N. Y.

Monterey Uranium Corp., Salt Lake City, Utah
Aug. 13 (letter of notification) 1,500,000 shares of common stock (par 10 cents). **Price**—20 cents per share. **Proceeds**—For mining operations. **Underwriter**—Muir, Dumke & Co., Salt Lake City, Utah.

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 Systems, Inc. (N. Y.)**
Sept. 28 (letter of notification) 800 shares of common stock (no par). **Price**—$50 per share. **Proceeds**—For working capital. **Office**—94 Lake St., White Plains, N. Y. **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 Discount Corp., Spartanburg, S. C.**
Sept. 20 (letter of notification) $250,000 of 20-year 6% capital subordinated debentures. **Price**—At par. **Proceeds** — For working capital. **Office** — 101 Pine St., Spartanburg, S. C. **Underwriter**—None.

★ **National Fuel Gas Co. (11/8)**
Sept. 29 filed 381,018 shares of common stock (no par) to be offered for subscription by common stockholders of record about Nov. 8 on the basis of one new share for each 10 shares held (with an oversubscription privilege); rights to expire about Nov. 29. **Proceeds**—For construction program. **Underwriter**—None.

● **Nevada Southern Gas Co. (10/4-5)**
Aug. 30 filed 20,000 shares of 6% first preferred stock (par $20) and 100,000 shares of common stock (par $1). **Price**—Of preferred, $20 per share; and of common, $6 per share. **Proceeds**—To repay obligations of the company incurred in connection with the acquisition of the business and assets of Las Vegas Gas Co. **Underwriter**—First California Co., Inc., San Francisco, Calif.

● **New England Electric System**
Aug. 20 filed 910,883 shares of common stock (par $1) being offered for subscription to common stockholders on the basis of one new share for each 10 shares held at the close of business on Sept. 29; rights to expire on Oct. 14. **Price**—$15 per share. **Proceeds**—To construction program of its subsidiaries. **Underwriter**—Blyth & Co., Inc., Lehman Brothers and Bear, Stearns & Co. (jointly).

★ **New England Fund, Boston, Mass.**
Sept. 23 filed 100,000 shares of beneficial interest in the Fund. **Price**—At market. **Proceeds**—For investment.

New Silver Belle Mining Co., Inc., Almira, Wash.
Sept. 8 (letter of notification) 500,000 shares of common stock (par two cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Underwriters**—Percy Dale Lanphere and R. E. Nelson & Co., both of Spokane, Wash.

★ **New York Telephone Co. (10/19)**
Sept. 29 filed $75,000,000 of 35-year refunding mortgage bonds, series H, due Oct. 15, 1989. **Proceeds**—To refund $35,000,000 of 3⅞% series G bonds and repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Morgan Stanley & Co.; Merrill Lynch, Pierce, Fenner & Beane and Glore, Forgan & Co. (jointly). **Bids**—Expected to be received on Oct. 19.

Northern California Plywood, Inc.
Sept. 13 filed 300 shares of common stock (par $5,000) and 5,000 shares of 5% cumulative participating preferred stock (par $100). **Price**—At par. **Proceeds**—To purchase properties of Paragon Plywood Corp. and purchase of raw materials. **Office** — Crescent City, Calif. **Underwriter**—None. Sales to be made through Raymond Benjamin Robbins.

Northern Oil & Gas Corp., Bismarck, N. D.
Sept. 16 (letter of notification) 250,000 shares of 6% preferred stock (par $1) and 50,000 shares of common stock (par $1) to be offered in units of five shares of preferred and one share of common stock. **Price**—$6 per unit. **Proceeds**—For oil and gas exploration. **Office**—408½ main St., Bismarck, N. D. **Underwriter**—Transwestern Investment Co., Inc., Dallas, Tex.

Northwest Defense Minerals, Inc.
Aug. 12 (letter of notification) 300,000 shares of common stock, of which 270,000 shares are to be offered to public and 30,000 shares to underwriter. **Price**—$1 per share. **Proceeds**—For mining operations. **Office**—2101 S St., N. W., Washington, D. C. **Underwriter**—Mitchell Securities, Inc., Baltimore, Md.

Ol Jato Uranium Co., Salt Lake City, Utah
Aug. 5 (letter of notification) 1,750,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds**—For mining operations. **Office**—114 Atlas Bldg.,

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Salt Lake City, Utah. **Underwriter** — Rocky Mountain Securities, the same city.

★ Olin Mathieson Chemical Corp.
Sept. 24 filed 642,585 shares of common stock (par $5) to be offered under "Restricted Stock Option Plans" to certain officers and other employees of company and its subsidiaries.

★ Ostrom (K. Wm.) Co., Inc.
Sept. 27 (letter of notification) 200 shares of common stock. **Price**—At par ($50 per share). **Proceeds**—For expansion and working capital. **Business** — New and used industrial equipment. **Office** — 3717 Filbert St., Philadelphia 4, Pa. **Underwriter**—None.

O'Sullivan Rubber Corp.
Aug. 23 (letter of notification) 15,000 shares of common stock (par $1). **Price**—At market. **Proceeds**—To a selling stockholders. **Underwriters** — Troster, Singer & Co., New York, N. Y., and C. F. Cassell & Co., Cnarlottesville, Va.

★ Pan-American Uranium, Inc.
Sept. 20 (letter of notification) 600,000 shares of common stock (par one cent). **Price** — 50 cents per share. **Proceeds**—For exploration and development costs. **Office**—100 West 10th St., Wilmington, Del. **Underwriter**—Hale & Co., Salt Lake City, Utah.

● Pan-Israel Oil Co., Inc. (10/11)
Sept. 21 filed American voting trust certificates for 900,000 shares of common capital stock (par one cent), of which 750,000 shares are to be publicly offered. The remaining 150,000 shares are to be optioned to underwriters. **Price**—Last sale on American Stock Exchange day preceding the offering. **Proceeds**—For exploratory drilling and development of presently held acreage in Israel. **Underwriter**—Gearhart & Otis, Inc., New York.

★ Peerless Casualty Co., Keane, N. H.
Sept. 24 filed 170,000 shares of common stock (par $5) to be offered for subscription by common stockholders on the basis of one new share for each two shares held. **Price**—To be supplied by amendment. **Proceeds**—To increase capital and surplus. **Underwriter** — Kidder, Peabody & Co., New York.

★ Penobscot Chemical Fibre Co., Bangor, Me.
Sept. 27 filed $1,400,000 first mortgage 4⅛% bonds due Oct. 1, 1974. **Price**—To be supplied by amendment. **Proceeds** — To redeem $1,124,000 of outstanding 5% bonds at 103¼% and 2,942 shares of 7% preferred stock at $103 per share. **Underwriters**—Coffin & Burr, Inc. and Chace, Whiteside, West & Winslow, Inc.

Peoples Securities Corp., New York
Aug. 11 filed 74,280 shares of capital stock. **Price**—$11 per share. **Proceeds**—For investment. **Office**—136 East 57th Street, New York, N. Y. **Underwriter**—None.

★ Permachem Corp., West Palm Beach, Fla.
Sept. 23 (letter of notification) 49,917 shares of class A common stock (par 10 cents), to be offered to underwriters pursuant to options at par and then to public at market. **Proceeds**—For general corporate purposes. **Underwriters** — S. D. Fuller & Co. and Vermilye Brothers, both of New York; Emco, Inc., Palm Beach, Fla.; and Miller Securities Co., Forest Hills, L. I., N. Y.

Public Service Co. of Colorado (10/4)
Sept. 2 filed $20,000,000 of 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.; Dean Witter & Co.; Harriman Ripley & Co., Inc. and Union Securities Corp. (jointly); Lehman Brothers; Kidder, Peabody & Co.; Blyth & Co., Inc. and Smith, Barney & Co. (jointly). **Bids**—To be received up to noon (EST) on Oct. 4 at Guaranty Trust Co. of New York, 140 Broadway, New York 15, N. Y.

★ Puritan Fund, Inc., Boston, Mass.
Sept. 22 filed 50,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment.

Quaker Warehouse Co., Inc., Philadelphia, Pa.
Sept. 10 filed $900,000 of 10-year 6% debentures due Sept. 1, 1964, to be offered to stockholder members of Quaker City Wholesale Grocery Co., a 100% cooperative retail grocer owned organization. **Price**—At par. **Proceeds**—To purchase building, and for modernization and improvements. **Underwriter**—None.

★ Rapid Electrotype Co., Cincinnati, Ohio
Sept. 23 (letter of notification) an undetermined number of shares of common stock. **Price**—Not to exceed an aggregate total of $19,654. **Proceeds** — To Peter Schotanus, Chairman of the Board. **Underwriter**—C. H. Reiter & Co., Cincinnati, Ohio.

Rapid Film Technique, Inc., N. Y. City
July 30 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For working capital. **Office**—21 West 46th Street, New York 36, N. Y. **Underwriter**—Jerome Rosenberg, Future Estate Planning, 630 McLean Ave., Yonkers, N. Y.

★ Rieser's (H. F.) Sons, Inc.
Sept. 22 (letter of notification) 99,900 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To repay bank loan and for working capital. **Office**—West Leesport, Pa. **Business**—Engaged in manufacture, scientific compounding and processing of livestock feeds, for dairy cattle, poultry and swine. **Underwriter**—First Chelsea Corp., New York.

★ Russell Reinforced Plastics Corp.
Sept. 27 (letter of notification) 16,500 shares of class B stock. **Price**—$3 per share. **Proceeds**—to underwriter, who is selling stockholder. **Office**—521 West Hoffman Ave., Lyndenhurst, N. Y. **Underwriter**—Aetna Securities Corp., New York.

Sabre Uranium Corp., Dallas, Texas
Sept. 2 filed 1,400,000 shares of common stock (par 10 cents). **Price** — $1.25 per share. **Proceeds**—To pay for options, exploration and development and to be used for other general corporate purposes. **Underwriter**—Southwestern Securities Co., Dallas, Tex.

Samicol Uranium Corp., Santa Fe, N. M.
Sept. 14 filed 300,000 shares of common stock (par 10 cents). Price—$2 per share. **Proceeds**—For development and exploration expenses, etc. **Underwriters**—R. V. Klein Co. and McGrath Securities Corp., both of New York.

San Diego Gas & Electric Co.
Aug. 24 filed 800,000 shares of common stock (par $10) being offered for subscription by common stockholders of record Sept. 14 on the basis of one new share for each four shares held; unsubscribed shares to be offered first to employees. Rights are to expire on Oct. 5. **Price**—$13.75 per share. **Proceeds**—To retire $5,000,000 of bank loans and to reimburse the company for construction made. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif., and New York, N. Y.

Savannah Electric & Power Co. (10/13)
Sept. 16 filed $5,000,000 of first mortgage bonds due 1984 and $3,000,000 of debentures due Oct. 1, 1979. **Proceeds**—To redeem $5,000,000 of bonds and $3,000,000 of debentures presently outstanding. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp. and Blyth & Co., Inc. (jointly); The First Boston Corp.; Blair & Co. Incorporated. **Bids**—Tentatively expected to be received up to 11 a.m. (EST) on Oct. 13.

Savannah Electric & Power Co. (10/13)
Sept. 16 filed 30,000 shares of preferred stock, series A (par $100). **Proceeds**—To redeem a like number of preferred shares presently outstanding. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Blair & Co. Incorporated. **Bids**—Tentatively expected to be received up to 11 a.m. (EST) on Oct. 13.

★ Scudder, Stevens & Clark Common Stock Fund, Inc.
Sept. 27 filed an undetermined number of its shares of capital stock. **Price**—At market. **Proceeds**—For investment.

★ Scudder, Stevens & Clark Fund, Inc., Boston, Mass.
Sept. 27 filed 100,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

Selevision Western, Inc.
Aug. 27 (letter of notification) 240,000 shares of class A convertible stock (par $1). **Price**—$1.25 per share. **Proceeds**—For working capital, etc. **Underwriter**—Whitney-Phoenix Co., Inc., New York.

Sierra Pacific Power Co. (10/5)
Sept. 10 filed 34,807 shares of common stock (par $15) to be offered for subscription by common stockholders of record Oct. 5 on the basis of one share for each five shares of preferred stock held and one new share for each 10 common shares held (with an oversubscription privilege); rights to expire on Oct. 22. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—Stone & Webster Securities Corp., New York; and Dean Witter & Co., San Francisco, Calif.

● Southern New England Telephone Co. (10/1)
Sept. 17 filed 488,888 shares of capital stock (par $25) to be offered for subscription by stockholders of record Sept. 29 on the basis of one new share for each nine shares then held; rights to expire on Oct. 29. **Price**—$30 per share. **Proceeds** — To repay advances from American Telephone & Telegraph Co., which owns 1,173,696 shares (or 26.67%) of the 4,400,000 shares presently outstanding. **Underwriter**—None.

★ Southern New England Telephone Co. (10/7)
Sept. 17 it was announced American Telephone & Telegraph Co. plans to sell the 1,173,696 rights which it will receive in connection with the abovementioned offering by Southern New England of 488,888 additional shares of its common stock at $30 per share on a 1-for-9 basis. **Underwriter**—To be determined by competitive bidding. Probable bidders: Putnam & Co., Chas W. Scranton & Co. and Cooley & Co. (jointly); White, Weld & Co. **Bids**—Expected to be received up to 11 a.m. (EST) on Oct. 7.

Southwestern Financial Corp., Dallas, Texas
Aug. 30 (letter of notification) 285,000 shares of common stock (par 10 cents) to be offered first for subscription by stockholders of Texas Industries, Inc. **Price**—$1 per share. **Proceeds**—To purchase equipment and for working capital. **Underwriters**—Rauscher, Pierce & Co., Dallas, Tex.; and Russ & Co., San Antonio, Tex.

Sprague Engineering Corp.
Sept. 7 filed 142,500 shares of common stock (par $1). **Price**—To be supplied by amendment, of which the company will offer 112,500 shares, the remaining 30,000 shares to be offered for account of selling stockholders **Proceeds**—To repay bank loans and for other general corporate purposes. **Office**—Gardena, Calif. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

Star Uranium Corp., Salt Lake City, Utah
Aug. 2 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds** — For exploration and development costs. **Underwriter**—Ned J. Bowman Co., Salt Lake City, Utah.

State Loan & Finance Corp. (10/11)
Sept. 10 filed $8,000,000 of convertible capital debentures due Sept. 15, 1969. **Price**—To be supplied by amendment. **Proceeds**—To reduce outstanding bank loans. **Underwriter**—Johnston, Lemon & Co., Washington, D. C.

★ Stylon Corp., Lilford, Mass.
Sept. 27 filed 650,000 shares of common stock (par $1) to be offered to the holders of the $1,300,000 City of Florence, Ala., 5% first mortgage industrial development revenue bonds on the basis of 500 shares of stock for each $1,000 bond up to and including Aug. 31, 1958; 333 shares per $1,000 bond thereafter and up to and including Aug. 31, 1963; 250 shares thereafter and up to and including Aug. 31, 1968; and 200 shares thereafter to Oct. 15, 1977. It is the present intention of the management of the company to hold any bonds so tendered for the purposes of receiving tax-free income thereon. **Underwriter**—None.

Supermarket Merchandisers of America, Inc.
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.

★ Syracuse Supply Co. (10/5)
Sept. 22 (letter of notification) 26,000 shares of common stock (par $8). **Price**—$9.25 per share. **Proceeds**—For expansion and modernization of company's sales and service facilities and for working capital. **Office**—314 W. Fayette St., Syracuse, N. Y. **Underwriter**—George D. B. Bonbright & Co., Rochester, N. Y.

★ Tampa Marine Co., Tampa, Fla.
Sept. 28 filed 300,000 shares of class A stock (par $1), of which Gulf-Atlantic, Inc., Tampa, Fla., has agreed to purchase for distribution not less than 165,000 shares and to use its best efforts to sell the balance. **Price**—$3 per share. **Proceeds** — For construction of stevedoring facilities, purchase of additional barges and working capital.

Texas International Sulphur Co.
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 Brothers, New York, on a "best efforts" basis. **Offering**—Expected early in October.

Texas Power & Light Co. (10/18)
Sept. 22 filed $20,000,000 of first mortgage bonds due 1984. **Proceeds**—To redeem 3⅞% first mortgage bonds due 1983, and for new construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp. and Salomon Bros. & Hutzler (jointly); Blyth & Co., Inc., Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); White, Weld & Co.; Kuhn, Loeb & Co.; Equitable Securities Corp. **Bids** — Expected to be received up to 11:30 a.m. (EST) on Oct. 18 at Room 2033, Two Rector St., New York 6, N. Y.

● Thompson-Starrett Co. Inc. (10/15-20)
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 & Co., Inc. and Emanuel, Deetjen & Co., both of New York.

● Tri-Continental Corp.
Sept. 8 filed 810,740 shares of new $2.70 cumulative preferred stock (par $50) being offered in exchange for the presently outstanding $6 preferred stock (no par value) on the basis of two new shares for each $6 preferred share held. Offer will expire on Oct. 27. Unexchanged $6 preferred stock will be called for redemption on Oct. 31, 1954. **Underwriter** — Union Securities Corp., New York.

★ Triassic Uranium, Inc., Casper, Wyo.
Sept. 20 (letter of notification) 30,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For exploration and development costs. **Office**—300 Consolidated Royalty Bldg., Casper, Wyo. **Underwriter**—Glen E. Hendershot, 2520 Deming Blvd., Cheyenne, Wyo.

Ucolo Uranium Co., Salt Lake City, Utah
Sept. 13 (letter of notification) 2,800,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For exploration and development costs. **Office**—906 Walker Bank Bldg., Salt Lake City, Utah. **Underwriter**—Western Securities Corp., the same city.

★ Uranium Chief, Inc., Salt Lake City, Utah
Sept. 21 (letter of notification) 26,400,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For exploration and development expenses. **Office** — 323 East 2nd South, Salt Lake City, Utah. **Underwriter**—Coombs & Co., Ogden, Utah.

★ Uranium Corp. of Colorado
Sept. 23 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For exploration and development costs. **Office** — 129 East 60th St., New York, N. Y. **Underwriter**—None.

United States Lithium Corp.
Sept. 9 (letter of notification) 2,990,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For expense incident to extraction operations. **Office**—1111 Walker Bank Building, Salt Lake City, Utah. **Underwriter**—Thornton D. Morris & Co., the same city.

Urainbow, Inc., Salt Lake City, Utah
Aug. 31 (letter of notification) 2,000,000 shares of common stock (par two cents). **Price**—15 cents per share. **Proceeds** — For exploration and development expenses. **Office**—908 Kearns Bldg., Salt Lake City, Utah. **Underwriter**—Austin B. Smith Brokerage Co., the same city.

Uranium of Utah, Inc., Provo, Utah
Sept. 14 (letter of notification) 3,000,000 shares of common stock (par 1 cent). **Price** — 10 cents per share. **Proceeds**—For exploration and development costs. **Office** 227 N. University Ave., Provo, Utah. **Underwriter**—Bay Securities Corp., New York.

Utah Uranium Corp., Las Vegas, Nev.
Aug. 20 (letter of notification) 10,000,000 shares of capital stock (par 1 cent). **Price** — Three cents per share. **Proceeds**—For exploration and development expenses. **Office**—1818 Beverly Way, Las Vegas, Nev. **Underwriter**—First Western Securities, same city.

★ **Vendorlator Manufacturing Co., Fresno, Calif.**
Sept. 27 filed $900,000 of 12-year 6% sinking fund debentures due Oct. 1, 1966 (with stock purchase warrants attached). **Price**—At par (each purchaser of a $1,000 debenture to receive a warrant to purchase 50 shares of common stock at $8 per share). **Proceeds**—To purchase plant equipment and for working capital. **Underwriters**—Lester, Ryons & Co., Los Angeles, Calif.; and Bailey & Co., Fresno, Calif.

★ **Venezuelan Sulphur Corp. of America, New York**
Sept. 17 filed 1,000,000 shares of common stock (par 50 cents). **Price**—$3 per share. **Proceeds**—To pay obligations of Venezuela Sulphur Corp., C.A.; and for advances to latter for exploratory and geological surveys and related activities. **Underwriter**—Hunter Securities Corp., New York.

Vigorelli of Canada, Ltd. (Canada)
Aug. 9 (Regulation "D") 96,770 shares of 8% preferred stock (par $2) and 96,770 shares of common stock (par $1) in units of one share of each class. **Price**—$3.10 per unit. **Proceeds**—For exploration and development expenses. **Office**—1812 St. Catherine St. West, Montreal, Canada. **Underwriter**—B. Fennekohl & Co., New York.

★ **Warren Corp., Tulsa, Okla.**
Sept. 27 filed 200,000 shares of common stock (par $1). **Price**—$5.25 per share. **Proceeds**—To retire outstanding notes, purchase and develop additional leases and overriding royalties, etc. **Underwriter**—None.

Warren Oil & Uranium Mining Co., Inc., Denver, Colo.
Aug. 6 filed 65,000,000 shares of common stock (par one cent). **Price**—7½ cents per share. **Proceeds**—To purchase mining claims and exploratory equipment, and for exploration costs. **Underwriter**—Weber Investment Co., Salt Lake City, Utah.

★ **Washington Natural Gas Co., Clarksburg, Va.**
Sept. 20 (letter of notification) 10,000 shares of common stock. **Price**—At the market (estimated at $1.37½ per share). **Proceeds**—To Elizabeth D. Hardman, the selling stockholder. **Underwriter**—Barrett Herrick & Co., Inc., New York.

Welex Jet Services, Inc.
Aug. 27 filed 68,528 shares of common stock (par $1) being offered for subscription by common stockholders on the basis of one new share for each five shares held as of Sept. 10; rights to expire Oct. 7. **Price**—$15.50 per share. **Proceeds**—For working capital. **Underwriters**—Laird & Co., Wilmington, Del., and First Southwest Co., Dallas, Texas.

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 Central Petroleums, Inc., N. Y.
Sept. 16 (letter of notification) 133,333 shares of common stock (par 10 cents). **Price**—At market (estimated at 36½ cents). **Proceeds**—To certain selling stockholders. **Office** — 32 Broadway, New York. **Underwriter** — S. B. Cantor Co., New York.

● **Western Development Co.**
Aug. 20 filed 360,000 shares of capital stock (par $1) and 60,000 subscription warrants, of which 300,000 of the shares are to be presently publicly offered. **Price**—$4 per share. **Proceeds** — To purchase certain royalty interests located in New Mexico and Colorado and for general corporate purposes. **Office** — Santa Fe, N. M. **Underwriter**—J. G. White & Co., Inc., New York. **Offering**—Expected today (Sept. 30).

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.

Wind River Uranium Co.
Sept. 15 (letter of notification) 9,965,000 shares of common stock (par 1 cent). **Price**—Three cents per share. **Proceeds**—For exploration and development costs. **Office**—65 East 4th South, Salt Lake City, Utah. **Underwriter** K. T. Hansen & Co., same city.

★ **Wisconsin Michigan Power Co.**
Sept. 29 filed $3,000,000 first mortgage bonds due 1984. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane and Salomon Bros. & Hutzler (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly).

● **Wisconsin Power & Light Co. (10/4)**
Sept. 7 filed $18,000,000 of first mortgage bonds, series H, due Oct. 1, 1984. **Proceeds**—To redeem $8,000,000 4% first mortgage bonds sold last year and the balance to repay bank loans and 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**—To be received up to 10:30 a.m. (CST) on Oct. 4 at 20 No. Wacker Drive, Chicago 6, Ill.

Wisconsin Public Service Corp. (10/14)
Sept. 15 filed $12,500,000 first mortgage bonds due Oct. 1, 1984. **Proceeds**—To refund $8,000,000 4⅛% bonds presently outstanding and for construction program. **Underwriters**—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. **Bids**—To be received on Oct. 14 up to 10 a.m. (CST) at 231 So. La Salle St., Chicago 4, Ill.

Woodbury Telephone Co., Woodbury, Conn.
Sept. 10 (letter of notification) 2,650 shares of common stock to be offered for subscription by stockholders at the ratio of one new share for each share held; with rights to expire on Nov. 12. **Price** — At par ($25 per share). **Proceeds**—For construction program. **Underwriter**—None.

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.

Wyoming Uranium Corp., Salt Lake City, Utah
Aug. 23 (letter of notification) 9,166,667 shares of common stock (par 1 cent). **Price**—Three cents per share. **Proceeds**—For exploration and development expenses. **Underwriter**—James E. Reed Co., Salt Lake City, Utah.

Wytex Oil Corp.
Sept. 17 (letter of notification) $290,000 of 10-year 5% sinking fund debentures (with warrants) to be offered to class A and for class B stockholders of record Aug. 29 on the basis of $500 of debentures for each 50 shares of stock held; rights to expire on Nov. 30. **Price**—At par. **Proceeds**—To reduce bank loans and for development of company's wells in Weston County, Wyo. **Office** — 100 State St., Albany 7, N. Y. **Underwriter**—None.

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.

★ **Zotox Pharmacal Co., Inc. (10/13)**
Sept. 24 (letter of notification) 100,000 shares of common stock (par $1). **Price** — $3 per share. **Proceeds** — For working capital. **Office**—122 Broad St., Stamford, Conn. **Underwriter**—Frederick H. Hatch & Co., Inc., New York.

Prospective Offerings

American Telephone & Telegraph Co.
Sept. 15 directors voted to make another stock offering to Bell System employees under the Employees' Stock Plan approved by the share owners in 1950. About one-half of the 3,000,000 shares authorized under the plan remain to be offered now. It is planned to send a prospectus describing the new offer to employees late in October. They will have until Dec. 15 to make their purchase selection. **Price**—The purchase price will be $20 per share less than the market price when payment is completed, but not more than $150 nor less than $100 per share. **Proceeds** — To be used for additions and improvements to Bell System.

Anglo California National Bank (10/11)
Aug. 31 it was announced stockholders will vote Oct. 5 on authorizing the offering to stockholders of 262,500 additional shares of capital stock (par $20) on the basis of one new share for each four shares held about Oct. 9; with rights to expire Nov. 1. **Price**—$45 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif.

Axe Atomic & Electronic Fund
Sept. 20 it was reported securities of this new closed-end fund will be soon offered through Axe Securities Corp., New York, N. Y.

★ **Aztec Oil & Gas Co.**
Sept. 27 it was announced company plans to offer stockholders the right to subscribe for 285,005 additional shares of common stock on theb asis of one new share for each seven shares held. **Proceeds**—To exercise an option to purchase certain oil and gas production and undeveloped leases from the Southern Union Gas Co., retire bank loans and increase working capital. **Underwriter**—None.

★ **California Bank, Los Angeles, Calif.**
Sept. 22 directors voted to offer to stockholders of record Sept. 27 the right to subscribe on or before Oct. 27 for 200,000 additional shares of capital stock (par $12.50) on the basis of one new share for each four shares held. **Price**—$35 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Blyth & Co., Inc., Los Angeles, Calif.

Central & Southwest Corp.
Sept. 2 it was reported company plans issue and sale of between 500,000 to 600,000 additional shares of common stock, probably first to stockholders. **Underwriter**—May be determined by competitive bidding. Probable bidders; Blyth & Co., Inc. and Smith, Barney & Co. (jointly); The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Lazard Freres & Co. (jointly). **Offering**—Not expected until early in 1955.

Chesapeake & Ohio Ry.
Aug. 23 it was reported company may be considering a plan to refund its outstanding $37,851,000 3⅞% bonds. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. **Offering**—Expected in November.

★ **Chicago & Eastern Illinois RR.**
Sept. 21 company filed an application with the ICC for authority to issue $15,350,000 of 5% income debentures due Jan. 1, 2054, to be offered in exchange, par for par, for the outstanding 383,751 shares of class A stock (par $40).

Consolidated Natural Gas Co.
Sept. 16 J. French Robinson, President, announced that stockholders on Dec. 2 will vote on authorizing additional shares of capital stock for an offering to stockholders planned for 1955. **Underwriter**—None.

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.

★ **Continental Oil Co.**
Sept. 22 L. F. McCollum, President, announced that company plans to issue and sell $100,000,000 of sinking fund debentures. **Proceeds** — To repay about $45,000,000 of short-term loans and for further development of oil and gas properties. **Underwriter** — Morgan Stanley & Co., New York. **Registration**—Expected in near future.

Cortland Equipment Lessors, Inc.
Aug. 31 it was reported this corporation, a subsidiary of Safeway Stores, Inc., may sell notes and debentures totaling $60,000,000 to $70,000,000. **Proceeds**—To repay bank loans which are understood to amount to between $50,000,00 and $60,000,000 at the present time. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

Deere & Co.
Sept. 2 it was announced a registration statement will be filed with the SEC covering the proposed sale of a block of common stock owned by the estate of a deceased stockholder. **Underwriter**—Harriman Ripley & Co. Inc. handled previous financing.

★ **Eastern Utilities Associates**
Sept. 20 it was reported company plans issue and sale of $7,500,000 collateral trust bonds due 1984. **Proceeds**—To be used principally to refund $7,000,000 4⅜% bonds now outstanding. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; White, Weld & Co.; Stone & Webster Securities Corp. and Estabrook & Co. **Bids**—Expected to be received sometime in November.

● **First National Bank in Dallas (Texas)**
Sept. 21 this Bank offered to its stockholders of record Sept. 21 rights to subscribe on or before Oct. 6 for 200,000 shares of additional capital stock (par $10) on the basis of one new share for each nine shares held. **Price**—$25 per share. **Proceeds**—To increase surplus, capital and undivided profits account. **Underwriters**—Previous offering was underwritten by Merrill Lynch, Pierce, Fenner & Beane and The First Boston Corp., both of New York.

First National Bank of San Jose, Calif.
Sept. 8 stockholders increased the authorized capital stock from 12,500 shares to 15,000 shares, the additional 2,500 shares being offered to stockholders on the basis of one new share for each five shares held Sept. 8; rights to expire Oct. 6. **Price**—$100 per share. **Proceeds**—For expansion and to increase capital stock account.

Florida Power & Light Co. (10/27)
Sept. 7 it was reported company is considering raising about $10,000,000 for its construction program. **Underwriter**—For any bonds to be determined by comeptitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc., and Lehman Brothers (jointly); White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane; Harriman Ripley & Co. Inc. **Bids**—Expected to be received up to 11:30 a.m. (EST) on Oct. 27.

★ **General Telephone Co. of the Southwest**
Aug. 25 stockholders approved an increase in the authorized preferred stock (par $20) from 400,000 to 700,000 shares and in the common stock from 500,000 to 1,000,000 shares. **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp.

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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.

Georgia Gas Co.
Aug. 27 it was announced that this company, a subsidiary of United Cities Utilities Co., contemplates the issue and sale to residents of Georgia of $300,000 par value of preferred stock, subject to the approval of the Georgia P. S. Commission.

Gulf, Mobile & Ohio RR.
Aug. 23 it was reported company may consider the issuance of about $25,000,000 bonds later this year. **Proceeds**—To refund first refunding mortgage 4s and 3¾s due 1975 and 1969, respectively; collateral trust 3¾s due 1968; and New Orleans Great Northern 5s due 1983. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Blyth & Co., Inc. and Salomon Bros. & Hutzler (jointly); The First Boston Corp.; Shields & Co.

★ **Hamilton National Bank, Washington, D. C.**
Sept. 14 stockholders approved merger of this Bank and National Bank of Washington, effective Oct. 1, 1954, the consolidated Bank to be known as National Bank of Washington, which will have a capitalization of 410,000 shares of $10 par value each. These will be issued in exchange for present Hamilton stock on the basis of two shares for each Hamilton share held, and in exchange for stock of National Bank on a share-for-share basis. Johnston, Lemon & Co., Washington, D. C., is authorized to pay $55 per share for any stock of the consolidated company not issued in exchange.

Hazel Bishop, Inc., New York
Aug. 30 it was reported registration of about 250,000 shares of common stock is expected (part for new money and part for selling stockholders). **Business**—Cosmetics. **Underwriter**—Hayden, Stone & Co., New York.

Holly Corp., New York.
Sept. 9 S. B. Harris, Jr., President, stated that preliminary financing has been arranged to be followed by a public offering after which this corporation plans to distribute a part of its holdings of Holly Uranium Corp. stock to its stockholders.

Household Finance Corp.
Aug. 27 it was announced preferred stockholders will vote Oct. 7 on increasing the authorized amount of preferred stock (par $100) from 312,000 shares to 592,000 shares. **Underwriters**—Lee, Higginson Corp. and Kidder, Peabody & Co., both of New York; and William Blair & Co., of Chicago and associates.

★ **Interstate Power Co.**
Sept. 27 it was reported company is considering issuance and sale of 200,000 shares of cumulative preferred stock (par $50). **Proceeds** — To redeem $5,000,000 of 4.70% preferred stock presently outstanding, to repay $2,000,000of bank loans and for construction program. **Underwriter**—Last preferred stock financing was handled by Smith, Barney & Co. If through competitive bidding, probable bidders may include: Smith, Barney & Co.; Blyth & Co., Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (joinlty).

Kansas City Power & Light Co.
Sept. 15 it was announced that company may sell in the latter part of 1954 or early in 1955 $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.

Kansas City Southern Ry.
Sept. 20 it was reported company may issue and sell in November about $50,000,000 first mortgage bonds. **Proceeds**—To refund $38,345,000 of 4s due 1975 and $13,336,000 of 3⅝s due 1966. **Underwriter** — To be determined by Competitive bidding. Probable bidders: The First Boston Corp. and Halsey, Stuart & Co. Inc. (with latter handling books); Kuhn, Loeb & Co., Ladenburg, Thalmann & Co. and Blyth & Co., Inc. (jointly).

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.

Laclede Gas Co.
Aug. 6 it was reported company plans to issue and sell $20,000,000 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.; The First Boston Corp.; Stone & Webster Securities Corp.; Lehman Brothers; Blair & Co., Inc. and Drexel & Co. (jointly). **Bids**—Expected in October.

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.

Louisville & Nashville RR. (9/30)
Sept. 15 company applied to ICC for permission to issue and sell $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 to be received up to noon (EST(on Sept. 30.

Majestic Auto Club, Inc.
Aug. 25 it was announced company plans to offer 500,000 shares (par five cents) to the motorist and general public shortly after completion of the current offering of 100,000 shares to service station owners and operators. **Office**—Room 717, 141 Broadway, New York 6, N. Y.

★ **Mead Corp.**
Sept. 27 it was reported company may be considering additional financing—probably some convertible preferred stock. **Underwriters** — Previous financing was handled by Drexel & Co., Philadelphia, Pa., and Morgan Stanley & Co., New York.

Mexican Gulf Sulphur Co.
Aug. 30 it was reported company plans issue and sale of 200,000 additional shares of common stock. **Proceeds**—For capital expenditures and working capital. **Underwriter**—Van Alstyne, Noel & Co., New York.

★ **National Bank of Washington**
See Hamilton National Bank above.

● **National City Bank of New York**
Sept. 20 stockholders approved a proposal to increase the capital and surplus of the company by $131,250,000 through the sale of 2,500,000 additional shares of capital stock (par $20) to stockholders by subscription on the basis of one new share for each three shares held as of Sept. 24; with rights to expire on Oct. 22. Subscription warrants were mailed on Sept. 30. **Price**—$52.50 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—The First Boston Corp. heads group.

● **National Fuel Gas Co. (11/8)**
Sept. 27 it was reported that company plans to offer to its stockholders 381,018 additional shares of common stock (no par) on the basis of one new share for each 10 shares held of record about Nov. 8 (with an oversubscription privilege); rights to expire about Nov. 29. **Proceeds** — For Construction program. **Underwriter** — None.

★ **National Starch Products, Inc.**
Sept. 28 stockholders approved an authorized issue of 40,000 shares of new prefererd stock (par $100), a part of which may be issued to finance a new mid-western plant to produce vinyl resins. **Underwriter**—F. Eberstadt & Co., Inc., New York, handled previous financing.

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.

★ **New York, Chicago & St. Louis RR. (10/5)**
Bids are expected to be received by the company on Oct. 5 for the purchase from it of $1,020,000 equipment truts certificates to mature in 30 equal semi-annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Blair & Co. Incorporated; Kidder, Peabody & Co.

★ **New York, New Haven & Hartford RR. (10/7)**
Bids will be received by the company up to noon (EST) on Oct. 7 for the purchase from it of $2,595,000 equipment trust certificates to mature in 1-to-15 years. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

★ **Pacific Clay Products Co.**
Sept. 21 it was reported that early registration is expected to a secondary offering of approximately 90,000 shares of common stock. **Underwriter**—Kidder, Peabody & Co., New York.

Pacific Power & Light Co.
Sept. 19 it was announced stockholders will vote Oct. 19 on a proposal to authorize 200,000 additional preferred stock of $100 par value, which are to be sold in series. **Proceeds**—For new construction.

Pacific Telephone & Telegraph Co. (11/16)
Sept. 2 the directors authorized the issue and sale of $50,000,000 of 35-year debentures to be dated Nov. 15, 1954. **Proceeds**—To redeem a like amount of 31-year 4% debentures due Sept. 15, 1984. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co., Lehman Brothers and Union Securities Corp. (jointly). **Bids**—Expected to be received at 195 Broadway, New York, N. Y., on Nov. 16.

★ **Penn-Texas Corp.**
Sept. 26, L. D. Silberstein, President and Chairman of the Board, announced stockholders on Oct. 18 will vote on increasing the authorized capital stock (par $10) by 1,000,000 shares, of which approximately 220,000 shares are to be publicly offered. **Price**—From 15% to 25% below the price on the New York Stock Exchange at the time of offering. **Proceeds** — Of the approximately $3,000,000 which would be obtained, about $1,000,000 will be used for drilling, exploration and additional purchases under the corporation's uranium program; another $1,000,000 will be used to finance accounts receivable of a subsidiary and the remainder would be used to develop proven oil reserves, including an expanded drilling program. **Underwriter**—May be Blair & Co. Incorporated.

Pennsylvania Company for Banking and Trusts, Philadelphia, Pa.
Aug. 24 it was announced stockholders will be offered the right to subscribe to 100,000 shares of common stock (par $10) on the basis of new new share for each 14 shares held. **Price**—To be named later. **Proceeds**—To increase surplus and capital accounts. **Underwriters**—Drexel & Co., Philadelphia, Pa.; and Merrill Lynch, Pierce, Fenner & Beane and Smith Barney & Co., of New York. **Meeting**—Stockholders are to vote Nov. 1 on approving new financing.

★ **Pressed Steel Car Co., Inc.**
Sept. 17 it was announced that arrangements have been made with Lehman Brothers, New York, for an immediate secondary offering of all or part of the $5,300,000 of convertible subordinated debentures due Oct. 1, 1969, which are to be issued in part payment of the total purchase price for all of the business, good will, properties and other assets of Clearing Machine Corp. The latter will liquidate and dissolve and the debentures distributed to Clearing stockholders, some of whom are making arrangements to sell the debentures.

Public Service Co. of Oklahoma
Aug. 28 it was reported that company may issue and sell 75,000 shares of new preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co. Inc. and Central Republic Co. Inc. (jointly); Smith, Barney & Co.; Kuhn, Loeb & Co.; Glore, Forgan & Co.

Public Service Co. of Oklahoma
Sept. 2 it was reported company may sell between $20,000,000 and $25,000,000 of first mortgage bonds in January. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Salomon Bros. & Hutzler; The First Boston Corp.; Blyth & Co., Inc., Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); White, Weld & Co.; Shields & Co.

Reaction Motors, Inc., Rockaway, N. J.
Aug. 7 it was reported company plans a small offering of additional capital stock (par $4) to its stockholders. Olin Mathieson Chemical Corp. owns 50% of the presently outstanding shares, which are being split-up on a two-for-one basis.

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.

Savage Industries, Inc., Phoenix, Ariz.
Aug. 9 it was announced company plans later this year to issue and sell an additional block of 75-cent cumulative convertible preferred stock (par $1), expected to gross around $250,000. **Proceeds**—For expansion and acquisitions. **Underwriter**—Probably Pacific Coast Securities Co., San Francisco, Calif.

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.

Sierra Pacific Power Co. (11/9)
Sept. 7 it was announced company plans to issue and sell $4,000,000 first mortgage bonds. **Proceeds**—To redeem $1,500,000 of 3¾% bonds, to repay bank loans and for construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp. and Dean Witter & Co. (jointly); Kidder, Peabody & Co. **Registration**—Planned for Oct. 8. **Bids**—Expected about Nov. 9.

Southern Pacific Co. (10/6)
Bids will be received up to noon (EST) on Oct. 6 for the purchase from the company of $8,505,000 of equipment trust certificates, series OO, to mature in 15 equal installments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Blair & Co. Inc.; Kidder, Peabody & Co.

★ Standard Oil Co. (New Jersey)
Sept. 22 company announced that it proposes to file a registration statement with the SEC covering the offering of authorized but unissued shares of its $15 par value capital stock, which will be offered in exchange for stock of Humble Oil & Refining Co. on the basis of approximately nine Standard Oil shares for each 10 shares of Humble Oil stock. The offer will be subject to deposit of sufficient Humble Oil shares so that holdings will amount to at least 80% of the outstanding Humble Oil stock, of which Standard now owns 26,034,384 shares, or approximately 72%.

Standard-Thomson Corp., Dayton, Ohio
Sept. 10 it was announced company has commenced negotiations for the sale of a new preferred stock issue which will provide the approximately $1,500,000 additional capital. **Underwriters** — Previous financing was handled by Lee Higginson Corp. and P. W. Brooks & Co., Inc., both of New York.

★ Templeton Growth Fund of Canada, Ltd., Toronto, Canada
Sept. 30 company applied to the SEC for an order permitting it to register as an investment company under the Investment Company Act and to make a public offering of its securities in the United States. Its initial capital of $1,000,000 will be provided by the issuance and private sale of its common stock to Templeton, Dobbrow & Vance, Inc., New York City, investment advisers, and certain of its clients. Thereafter it intends to make an initial public offering of its common shares.

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.

United Dye & Chemical Corp.
Sept. 8 dlirectors authorized an offering to common stockholders of additional common stock at the rate of one new share for each five shares held (with an oversubscription privilege). About 150,000 shares are presently outstanding. **Price**—$9 per share. **Underwriter**—None.

★ Utah & Idaho Uranium, Inc., Kellogg, Ida.
Sept. 7 Lester S. Harrison, President, announced that the company contemplates obtaining funds to initiate its uranium mining operations in Utah by the sale to the public of its unissued treasury stock. This financing will follow completion of the company's current drilling program.

Virginia Electric & Power Co.
Aug. 20 directors approved in principle a plan to sell 600,000 additional shares of common stock this Fall. They will be offered to common stockholders at the rate of one new share for each 10 shares held on the record date, which is presently expected to be in November. **Proceeds** — To finance construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Beane; Stone & Webster Securities Corp.

Western Pacific RR. Co.
Sept. 8, it was announced that directors have approved the issue and sale about Jan. 1, 1955 of $7,000,000 of first mortgage bonds, series B. **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); Kidder, Peabody & Co. and Blyth & Co., Inc. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly).

Our Reporter's Report

Despite all indications that the government is committed to an easy credit policy, institutional investors still recoil from new corporate security offerings providing a yield of 3% or thereabouts.

That barrier in rate of return has cropped up repeatedly over a long period each time bankers have been prompted to underwrite a new security where the yield falls into such an area.

Major institutions, up to this point at least, have been able to find other outlets for their funds such as mortgages and the direct purchase of corporate securities through negotiation.

The situation developed again this week and last, when despite gradual hardening of prices, and consequent declining in yields in the secondary market, buyers were found cool to new bonds offering such yields.

Last week it was Dayton Power & Light Co.'s bonds brought out on a 3% basis which experienced the wrath of such investors who reported had taken down only about half the issue up to this time.

This week, Northern States Power Co.'s $20,000,000 of new bonds, brought out to yield 3.01% came under the spell and were reported moving slowly. Meantime Western Massachusetts Electric's small issue, $6,000,000, offered to yield 3.05% were well taken.

Louisville & Nashville

Without the $30,350,000 of new 49-year bonds being put up for bids today by Louisville & Nashville Railroad, this would have been a rather dull week in the new issue market.

A straight refunding operation, designed to provide for prepayment of a similar amount of divisional 4% bonds due next year, it is observed that the long maturity could help or hinder the L & N offering, depending on how it is priced. The market is inclined to look for a yield of 3.40% to 3.50%.

Recently the market for rail loans has been decidedly mixed. Illinois Central's issue, brought out several weeks ago, is still in syndicate. But Northern Pacific's refunders, marketed last week, went out with a rush and currently are commanding a handsome premium.

Next Week's Prospects

The corporate calendar for next week appears comparatively light from a run down the roster. This shows four issues, all utilities, for a total of $69,500,000 will be up for bids.

Public Service Co. of Colorado will open bids on Monday for $20,000,000 of new bonds. And on the same day Wisconsin Power & Light is scheduled to look over tenders for an issue of $18,000,000.

The following day Indiana & Michigan Electric will market an issue of $18,500,000 of bonds, while Metropolitan Edison Co. is due to open bids on its $15,000,000 issue.

New York Telephone

Aside from the usual run of smaller undertakings being readied for market there is little substantial in the offing until after the middle of next month when New York Telephone is scheduled to issue $75,000,000 of 35-year refunding mortgage bonds.

The proceeds would be applied to retirement of $35,000,000 of 3⅞% bonds series G and to repay bank loans. Competition here promises to be keener even than usual.

Consolidated Edison Co. of N. Y. has some financing plans, but evidently these have been sidetracked pending the development of market conditions which would permit a new issue to be floated on something near a 3% basis.

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Flirting With Convertibility

the decisive step indefinitely, they can, and probably will move progressively toward convertibility on a *de facto* basis on the Swiss type; that is, with their currencies convertible into those currencies which are convertible, and vice versa. And Britain herself will adopt some measures, if partial and halting. All of which will get a good push from GATT, EPU, and the International Monetary Fund. In defense of such an informal *de facto* situation it must be pointed out that realistically convertibility was never as far prospectively "on" as much of the public had come to imagine.

Despite Germany's strength and willingness in the matter, convertibility might entail trouble, if not merely delay, because of her EPU position. In view of her surpluses, convertibility could be embarrassing to Italy, Spain and other EPU countries. Germany's EPU surplus condition would become aggravated by convertibility, with her own credit position in the Organization becoming wrecked as a result of the change to her buying goods in the cheapest competitive market.

"Off-the-Hook"

In the case of some other countries, Mr. Butler and the British have conveniently "taken them off the hook" of the responsibility of making their own decision at this time.

This would apply to Italy, her general economic difficulties including unemployment.

Vis-a-vis France, Britain's "hook service" is a bit more uncertain. One of France's highest-level finance officials confirmed to me that his country could not possibly follow a hypothetical British convertibility step now, or in one or two months from now. And even regarding later on, there are certain great doubts about the French possibilities, with her dependence on subsidies, the uncertainty over the direction, expansionist or non-expansionist, of the Mendes-France policies, and even whether he will remain in power.

France's remaining difficulties, in the face of improvement, have been cited here this week by Edgar Faure, her Minister of Finance. They include the continuing budgetary deficit, her disequilibriated balance of payments, inadequate currency reserves, trade restrictions, and—of course—American tariff policy.

There is considerable opinion here that with a change in the exchange rate, France can follow Britain—when, as, and if.

Britain the Key — Bathers Must Wait

In measuring the possibility and timing of formal and full worldwide convertibility, British policy still furnishes the key. Hence we predict a long-continued flirtation with the water, with the swimmers kibitzing in damp bathing suits.

* * *

The degree of convertibility we are envisaging excludes transfers by residents, as well as capital transfers, the prerequisite to the flow of orders to the American securities market.

Continued from page 2

The Security I Like Best

the embryo business of Gulf Cities when he arrived from his Minneapolis position with General Mills two years ago. Realizing the vast potential of the LP-Gas business in the rapidly growing West Florida territory, plans were laid to capture this market. The Gulf Cities was then of microscopic size but had certain strategic advantages. Its bulk plant was located half-way between St. Petersburg and Tampa making it possible to serve a wide territory economically. In downtown St. Petersburg, the company has a large piece of land owned and leased which gives it an advantageous central location for its sales, service and executive activities. The organization completed and financing arranged, Gulf Cities was ready to expand. Two competing companies were purchased. The northern end of the territory tied in with a branch and loading station created a framework to fill in. A new bulk plant and automatic loading unit was built in St. Petersburg. Then the service and control was further improved by the installation of two-way radio on all delivery trucks. The economic and business-getting advantages of this move are now showing up. The next move is to acquire five more local companies which Don Alberty claims will treble present sales and profits. Financing has been arranged with banks.

Last year (fiscal year ends July 31) for the first 11 months sales were $289,744 vs. $199,206 for the comparable period of 1953. Profit before taxes will probably reach $60,000 for the fiscal year 1954. Net after taxes has been estimated at $40,000. The capitalization of Gulf Cities shows a comparatively small amount of senior debt, the long-term debt being but $67,692 on April 30, 1954. 59,950 shares of class A stock were outstanding and 22,000 shares of class B. The class A is entitled to a prior dividend of 40 cents per share until Oct. 1, 1955, and 50 cents thereafter. Thereafter the B receives an equal amount and any additional dividends are paid equally. The class A is entitled to elect one-third of the board of directors. Although the class A was entitled to receive 36 cents per share until Oct. 1, 1954, the directors put the stock on a 40 cent annual basis on July 20, 1954, by declaring a quarterly divdend of 10 cents per share payable Sept. 7, 1954, to stockholders of record Aug. 24, 1954.

This looks like the beginning of a real growth situation. One that should afford the investor a liberal rate of return while he holds for a large potential capital gain. At current price of $6 the 40 cent dividend affords a return of 6¾%. Gulf Cities Gas Corp. stock is traded in the Over-the-Counter Market.

TABLE I
City of St. Petersburg

Year	Population
1920	14,237
1930	40,425
1940	60,812
1950	95,712
1953 (unofficial)	122,000

Water Meters

Year	No. of Connections
1945	20,816
1949	29,448
1950	34,924
1952	39,623

Telephones

Year	No. of Connections
1945	20,509
1948	30,977
1950	34,439
1952	42,726
1953	50,084

TABLE II
Marketed Production of LP-Gas

	Gallons (in thousands)
1945	1,067,000
1950	3,482,567
1953 (est.)	5,000,000

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—Federal officials are trying at the moment to work out a practical demonstration, figuratively speaking, of what Johnny should do when mama tells him he can go into the water but must not get wet.

This demonstration will come in the course of applying actual sales deals the operation of the magnificently titled "Agricultural Trade and Development Act."

It is under this act that Secretary Benson, if he can get a suitable list of signatures on each deed from the many officials who have a finger in the pie, can sell up to $700 million of Commodity Credit Corp. stocks to foreign countries for foreign currencies.

It is also under this act that Harold Stassen, famous for giving the late Senator Taft his political *coup de grace* at the 1952 GOP convention, can (a) rush to the relief of any famine in any country at any time or (b) can dispose of surplus food stocks through private charities, up to a maximum on both counts of $300 million.

The law has the most glaring apparent inconsistencies. On the one hand the United States can take payment in foreign currencies for surplus food stocks, but must not do so at the expense of the normal market for sale of such commodities for dollars. Secretary Benson has already announced that this condition will be written into agreements with foreign countries before they can use their own currencies instead of dollars.

A normal method of reaching this objective would be an agreement defining an average or historical volume of imports of a given commodity, and requiring that foreign countries would not be able to sell for their own currencies until they had bought up to this quota with dollars.

Secretary Benson, however, declared at his press conference last week that he was without any ideas as to how normal dollar purchases could be assured.

Must Not Compete Unfairly

Another of the apparent glaring inconsistencies of the act is the command, enthusiastically accepted by the Secretary of Agriculture, that the sale of surplus Commodity Credit stocks must be pushed, BUT, the United States must not undersell or disrupt world markets for those commodities.

In other words, as one observer in government explained it: "We must not operate like a bull in a china shop yet we must refuse henceforth to hold an umbrella through our own support program over the world prices of principal farm commodities."

Past instances of the sensitiveness of foreigners to this sort of approach would suggest that almost any sale for foreign currencies would lead to violent protests from competing countries. Furthermore, the men around Benson do not strike one as being so economically illiterate as to suggest that because they sell for currencies of doubtful commercial value in the world market, that they are some how not under-cutting prices.

So this scheme appears to put the United States in the position of either (a) working off its stocks just as aggressively as it can for almost what they will bring, or (b) refraining from doing so because of the tender regard of the Eisenhower Admiinstration for all the problems of all the other world traders besides the U. S.

Basically the inconsistency is similar to the problem presented to the President by the tariff on watches. The President had his choice of refusing to raise the tariff on watches and thereby remaining consistent with his views on trade and tariffs, or of raising the tariff and helping thereby to save the political hide of Senator Leverett Saltonstall of Massachusetts in a forthcoming political contest with a vigorous Democratic candidate.

Haven't Worked Out Their Plans

Even though one "major transaction" with a leading world trading nation was in the works, and may have been announced before today, the actual news situation is that officials have not yet worked out the schemes by which they will reconcile the inconsistent compulsions of the surplus disposal act.

What officials are going to do, instead of trying in advance to define what kind of circumstances will lead them to give more weight to the need for shedding the CCC stockpile and less weight to the sensibilities of competing foreign exporters is to play it by ear. They don't even know yet how much chance they have of working this new legal gadget extensively.

On the other hand, Administration officials are desperately anxious to get these surpluses out of their sight, and there is no magic carpet big enough to sweep the the same under. Hence the administration of this act will arouse interest, for the vigorous sale of these commodities at a loss could lead to some interesting price movements in world commodities.

Congress provided still another money-potent scheme for shucking the surpluses of CCC commodities. It provided that $350 million of the FAO appropriation should be distributed in the form of surplus farm commodities.

Pay Aid in Surpluses

Last year Congress earmarked $250 million of the foreign aid appropriation to go out in the form of farm surpluses, and the things worked beautifully, FAO, for instance, would sell food to Spain for pesetas, and the acquired pesetas would be used to pay labor and contractors for building American military bases in Spain.

This $350 million is a sum which, if it proves possible to do so, can all be spent in one year. On the other hand, the $300 million allocated to FAO under the Agricultural Trade and Development Act for famine and charitable relief, is something which, like the $700 million which can be used in selling commodities for foreign currencies, is supposed, however, to last for three years.

On the other hand, if Messrs. Benson and Stassen between them get rid of the $1 billion in anything like a year, or if it looks like the stuff would be moved, Congress would spring with eagerness to allocate more money for this purpose.

Administration Is Complex

Administration of the Agricultural Trade and Development Act is complex. Policy at the top is established by an interagency committee, of which Clarence Francis, Special Consultant to the White House, is Chairman. The Treasury receives the foreign currency and the Budget Bureau issues the order for its release. However, the Department of Agriculture is primarily responsible for sale of surpluses for foreign currencies, and the Foreign Aid Organization for the free distribution, for famine or through charitable agencies.

FHA Apartment House Volume Nose-Dives

Norman P. Mason issued a press release to announce that because of the rush of the citizens of the U. S. A. to take advantage of the more liberal terms of the Housing Act of 1954 and finance their homes (a soundly financed house, in Mr. Mason's opinion, is one where the cash money is less and the amount on the cuff is more). FHA applications in August totaled 53,800, making August the biggest August in FHA volume in history.

What Mr. Mason neglected to mention in the dispacthes, however, was that he was referring to 1 to 4-family houses, and not to all housing, including apartment houses.

Applications in August for multi-family housing under FHA amounted to just 167 apartment living units. This was not the largest August in history, but the lowest number of applications ever received in any month in the history of FHA.

This complete nose-dive in FHA's multi-family housing reflects two things. First, it reflects the airing of the so-called housing scandals, making just about everybody interested in building apartments interested in going any place but to the FHA.

Second, it reflects the amplitude of mortgage money available outside the FHA raincoat, because of the stability of business and the policy of active ease of credit. Officials who study housing are not worried lest the fright which FHA has given sponsors of apartment projects, will lead to a stopping of apartment building. They expect it to continue in good volume under insurance and other conventional forms of mortgage credit.

In any case, multi-family housing construction accounts for only about 10% of all housing construction currently.

(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

"You'll just have to be patient, sir—when we declare the dividend—we'll declare the dividend!"

Business Man's Bookshelf

Big Enterprise in a Competitive System—A. D. H. Kaplan—The Brookings Institution, Washington 6, D. C. (paper)

Financing the Instalment Purchases of the American Family—Clyde William Phelps—Commercial Credit Corporation, 14 Light Street, Baltimore 2, Md. (paper).

Lengthening Shadow of Government—Edmund A Opitz—Foundation for Economic Education, Inc., Irvington-on-Hudson N. Y. (paper), single copy free; quantity prices on request.

Long Range Economic Projections Studies in Income and Wealth—Vol. 16—Conference on Research in Income and Wealth—Princeton University Press, Princeton, N. J. (cloth), $9.00.

Monopoly and Competition in Banking—D. A. Alhadeff—University of California Press, Berkeley 4, Calif. (cloth), $4.50.

Pacific Coast Maritime Shipping Industry 1930-1948—Volume II: An Analysis of Performance—Wytze Gorter and George H. Hildebrand—University of California Press, Berkeley 4, Calif. (cloth), $5.00.

With Walter Gorey

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—Philip B. Taylor has become associated with Walter C. Gorey Co., Russ Building. Mr. Taylor was previously with Hill Richards & Co. and Hannaford & Talbot.

Hannaford Talbot Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Ralph W. Herget has rejoined with Hannaford & Talbot, 519 California Street. He was recently with Frank Knowlton & Co.