OVER-THE-COUNTER INVESTMENT OPPORTUNITIES FEATURED

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EDITORIAL

As We See It

The position of the wage earner, or at least the position to which he very definitely now aspires not only in the economic or business sphere, but in American politics and public policy as well, has been forcefully thrust upon the attention of the thoughtful citizen by a number of recent events. When the Secretary of Defense the other day gave expression—perhaps politically unfortunate expression—to some obvious truths about the attitude of all too many wage earners of this day and time, the "opposition" found in the situation thus created a wonderful opportunity, and the members of the party in control, or many of them, were seized with consternation for fear of what organized labor might be able to do and would do with the allegory enunciated by this member of the President's cabinet.

Meanwhile there has been a revival of the old efforts to combine the two largest labor organizations into one or to work out some sort of unified or coordinated pattern of behavior for the future. In this way organized labor hopes to be able to eliminate what little competition there is left in the field. The Administration in Washington has so far refrained from promoting such a unification of labor unions—an attitude in striking and pleasing contrast to that of the Roosevelt regime in the early days of the New Deal, but apparently no one has even thought of undertaking any sort of move which would place any obstacle in the way of the plans of the labor monopolists. Competition appears to be a sauce which is excellent for the goose but poisonous to the gander—at

Continued on page 49

Government's Role in Easing Business Fluctuations

By ARTHUR F. BURNS*
Chairman, Council of Economic Advisers

President's chief economic adviser sketches the steps the Administration has taken to check the decline, and ascribes the mildness of the recession to these actions. Lists as aiding causes: (1) our fiscal system; (2) public confidence in Administration's monetary, tax, and expenditure policies; (3) trade union conservatism; (4) producers and consumers high spending rate, and (5) economic recovery abroad. Describes President's program, and foresees continued economic expansion..

The assumption by the Federal Government of a responsibility for curbing the business cycle and promoting a stable prosperity is a very recent development. I want to say something today about the way in which the government has been discharging this responsibility. But before I do that, I should like to make a few historical remarks.

Dr. Arthur F. Burns

A generation or two ago most economists and men of affairs took the business cycle for granted. The prevailing view was that in a free economy such as ours, in which men may buy much or little, work or not work, invest or refrain from investing, embark on new ventures or pursue the path of routine — that in such an economy, some fluctuations in production and employment were bound to occur.

Beyond this, it was widely believed in those days that occasional declines in production served a useful function, first, because they facilitated an adjustment of the volume and structure of production to the state of demand; second, because they impelled workingmen and business man-

Continued on page 49

*An address by Dr. Burns before the Economic Club of Detroit, Detroit, Mich., Oct. 18, 1954.

Investment Opportunities in the World's Largest Market

Attractiveness of securities available only in the Over-the-Counter Market discussed. A tabulation of unlisted common stocks of companies that have paid cash dividends from 5 to 170 consecutive years presented. How the Over-the-Counter Market functions explained.

As the custom and practice of investing in securities spreads more broadly among a prosperous American populace, the Over-the-Counter Market is becoming better understood and appreciated with each passing day. This observation is made with no intention of belittling or dimming the luster of our major stock exchanges, but to give the Over-the-Counter Market its proper niche in our scheme of things as America's largest security market.

As a back drop, we'll start with bonds. The great volume of United States Government bonds are traded "over-the-counter" as are all State Government obligations and those of over 100,000 separate municipalities which raise money through the sale of securities for schools, parks, fire houses, roads and sewers with unlisted offerings. Most foreign issues, and our newly popular type of revenue obligation, the turnpike bond, are sold and traded in the Over-the-Counter Market by the hundred millions. Housing and slum clearance issues are also unlisted and traded over-the-counter.

Switching over to stocks, whereas there are about 3,600 issues traded on the major exchanges, there are about 30,000 traded with some frequency, and probably 20,000 more less active

Continued on page 22

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(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

Investors Diversified Services—G. Edward Hiscox, Cruttenden & Co., Chicago, Ill. (Page 2)

American Research & Development Corp.—Belmont Towbin, Partner, C. E. Unterberg, Towbin Co., N. Y. City. (Page 10)

G. EDWARD HISCOX
Cruttenden & Co., Chicago, Illinois

Investors Diversified Services

Recent years have witnessed an increasing recognition among investors of the basic growth and compounding factors operating in the life insurance business. This recognition has caused life insurance stocks to skyrocket in price as price-earnings ratios were reappraised to reflect the industry's growth status. Price-earnings ratios have reached as high as 40 for widely recognized growth companies and up to 20 for companies with better than average records and prospects.


G. Edward Hiscox

Investors Diversified Services (IDS) has many of the same factors working in its favor as have life insurance companies. Its growth record under a dynamic management has been superior to that of most highly-recommended life companies. IDS is now surmounting the same obstacles to investment stature which life insurance equities so successfully overcame: (1) an historical period of consolidation during which time assets were conservatively revalued and reserves set up to offset the lower interest rates of the last two decades; and (2) a general ignorance on the part of investors of the true nature and importance of the business. The strong uptrend in stable, recurrent earnings should soon bring comparable investment recognition.

IDS is engaged in the distribution and management of mutual funds and face-amount certificates. Sales growth in both categories has substantially exceeded increases in the sales of ordinary life insurance as reported by the stock life insurance companies. The percentage gains for each activity during the period 1949-53 are compared below with similar percentage gains for new ordinary business written by five life insurance companies. Only Franklin Life has exceeded IDS.

PERIOD 1949-53

	—% Gain in Sales of—		
	Mutual Funds	Face Amt. Cert.	Ordinary Life Insurance
IDS	181%	85%	----
Life Insur. Ind.			63%
Aetna			31
Conn. General			71
Franklin			103
Lincoln National			36
Travelers			33

Sales of mutual funds managed by IDS have risen phenomenally since the initial offering of Investors Mutual in 1940. Two additional funds, Investors Selective Fund and Investors Stock Fund were added in 1945, and the three together with Investors Mutual of Canada now total over $700 million and account for approximately 12% of the entire mutual fund industry. Mutual funds generally have been mushrooming in size with a gain in total assets of more than 1,000% in the last 15 years, and IDS funds have far exceeded the others in growth. It seems fairly obvious that mutual funds are in a position today similar to life insurance 25 to 35 years ago. The need for an investment medium with long-term growth for education and retirement is as apparent in these times of long-term inflation as is the necessity for life insurance to provide an immediate estate.

The company receives underwriting fees from the sale of the funds and a continuing annual management fee for supervision based upon the aggregate value of the funds invested. We show below the total assets of the funds at various year ends:

Year	Assets of Funds in Millions
1941	$4.0
1944	45.2
1947	120.8
1950	260.4
1953	599.4
1954	Over 700.0

IDS sponsored funds enjoy one of the lowest redemption ratios in the industry. They are sold through the efforts of some 2,300 full time salesmen, and approximately two-thirds of all dividends paid by the funds are automatically reinvested.

Face-amount certificates have many characteristics of endowment insurance. The investor contracts to pay a stipulated sum at periodic intervals, usually monthly, for which he receives a lump sum payment at some future date. Optional settlement features are available. The most popular plan currently calls for the payment of about $20 monthly for 20 years at which time the investor receives $6,000. The net return on these monthly plans is quite low, ranging from about 1.16% on the six year plans to 2.15% on the 20 year plans. Penalties are incurred if the plan is discontinued. The element of forced savings is obviously the primary feature in the sale of the plan. IDS distributes these certificates through its nationwide salesforce, comparable in scope and methods of compensation to the agency staff of a life insurance company.

During the 1920's and 1930's the company offered high yielding plans which caused trouble when money rates declined in much the same manner as high guaranteed interest rates plagued the life insurance industry. Mortgage foreclosures and the collapse of the real estate market added to the difficulties. But time and the substitution of lower yielding certificates have solved the problem for IDS. While the old higher cost certificates have run off from $1 billion outstanding in 1940 to under $250 million currently, the low yielding certificates have been sold since 1940 with outstanding success. The face-amount of low cost certificates outstanding now totals over $1.3 billion. This year, Investors Syndicate of America, the wholly-owned subsidiary which issues the low-cost certificates will receive better than $60 million in receipts. The assets of Investors Syndicate are growing at a steady rate of 20% annually and will total roughly $300 million at the end of 1954. Net income is increasing at a corresponding clip.

The primary investment medium of Investors Syndicate is mortgages of which 85% are FHA insured or VA guaranteed. About 89% of the mortgages are of the self-amortizing type and the other 11% require uniform periodic payments. With new mortgages yielding 4.50% versus 3.97% on the overall mortgage portfolio, face-amount certificates paying out less than 2½% are obviously a profitable source of income for the company. Even the older certificates are now profitable.

In order to generate the mortgages necessary for its large investment requirements, IDS maintains one of the leading mortgage departments in the country. As an active builder and planner as well as lender, the company has specialized in construction loans. IDS sells its excess mortgages to other institutions, generally retaining the profitable servicing contract. Mortgage service income has increased steadily each year without exception from the end of World War II when it totaled about $250,000 per year, through 1953, when such income reached almost $2 million. Mortgages serviced total somewhat over $600 million and new mortgages are being generated at the rate of about $100 million per year.

All of the major sources of income for the company are experiencing strong growth trends. Summarizing the various sources of income for IDS in the order of discussion, we have (1) Underwriting fees from the sales of mutual funds and face-amount certificates, (2) Management fees derived from the servicing of the mutual funds, (3) Earnings from the face-amount certificates, (4) Income from mortgage sales and servicing, and construction loans. In the table below we have tabulated the company's earnings by source for comparative purposes and to show IDS's impressive built-in growth characteristics.

The leadership of IDS is in the hands of an experienced and energetic management. Capitalization is simple, consisting of two classes of common stock. Alleghany Corporation owns the controlling voting stock of which 574,000 shares are outstanding. Public trading is in the class A stock, identical except for the voting right, of which 879,000 shares are outstanding. The company is financing its tremendous growth internally, with the result that no dividends have been declared. Substantial cash dividends will be entirely feasible within a few years, as the cash flow and surplus continue to build up. The dividend payout and yield on most growth stocks is so inadequate that we regard the lack of a dividend as of minor importance.

IDS is the only means for investment participation in the growing mutual fund field. The reinvestment and compounding features of the company's operations are otherwise to be found

Continued on page 10

Year	Underwriting Fees	Management Fees	Earns. fr. Face-Amt. Certif.*	Inc. from Mortgage Operations*	Other Income (Net)	Total	Net Inc. after Oper. Exps. & Inc. Taxes	Per Share
	(000)	(000)	(000)	(000)	(000)	(000)	(000)	
1949	$2,546	$916	$597	$2,075	$(605)	$5.529	$1,366	$0.94
1950	3,153	1,313	1,542	7,242c	272	13,522c	6,453c	4.44c
1951	3,910	1,849	1,912	2,958	405	11,034	4,127	2.83
1952	4,749	2,446	2,985	3,530	(345)	13,365	5,300	3.64
1953	4,927	2,960	3,904	4,860	494	17,152	7,908	5.44

*Partly after taxes. c Inflated because of particularly profitable construction loan activity in 1950.

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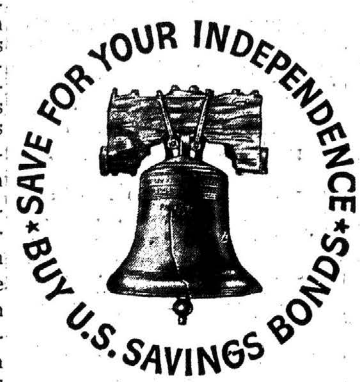

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Higher Market Ahead Over the Long Term

By EDMUND W. TABELL
Partner, Walston & Co., New York City
Members New York Stock Exchange

Market analyst sees black-and-white contrast between 1929's and today's market, citing intervening inflation, population increase, national output rises, and growth in leading companies' earnings and dividends. Maintains possible imminent Democratic election vctory would not entail long-term economic harm. Concludes while intermediate correction could occur at any time, market shows no sign of major top, with D-J Average rise to 600 by 1958-1960 a distinct possibility.

The stock market, as measured by the Dow-Jones Industrial Average is now within shooting distance of the famed 1929 high of 386. Not so many years ago this goal was considered almost impossible of achievement. Now it looks as though the high of 25 years ago will easily be passed — possibly in 1954 —undoubtedly in the next year or two. It appears that my 1948 prediction that the Dow-Jones Industrials would reach 450 by the late 1950's may have been quite conservative. A level of 600 by 1958-1960 now seems a distinct possibility.

Edmund W. Tabell

Quite a few people are beginning to think that the stock market is dangerously high, and that the possibility of another 1929 market crash is increasing. In my opinion, the difference between today's market and that of 1929 is almost as great as the difference between black and white. Concern over the fact that an average is approaching the 1929 high ignores the tremendous changes that have occurred in the past 25 years. It ignores the change in the purchasing power of the dollar. In terms of a constant 1929 dollar, the present market is selling around 230 as compared with 386 in 1929. It ignores the current replacement value of a company's plant. It ignores the fact that population has increased 40 million since 1929. It ignores the fact that the nation's total output (in real terms —not just in dollars) is more than double what it was in 1929. It ignores the fact that personal income (after taxes) has increased 236%, that industrial capacity has doubled, as has the output per worker. It ignores the changes in individual companies. General Electric at the 1954 high of 48½ sold about 45% above the 1929 high of 33⅝—but sales have increased 290% since 1929. Earnings have increased 200% and dividends have increased 220% in the past 25 years.

Difference in Technical Conditions

Such superficial thinking also ignores the difference in technical stock market conditions from 25 years ago. Speculative trading was rife in 1929 and the volume of trading greatly exceeded that of today, despite the fact that there are a much larger number of shares presently listed. In 1929, brokers' loans were about seven times present levels and accounted for 9% of the value of New York Stock Exchange stocks. Today, brokers' loans are less than 1% of the value of New York Stock Exchange stock prices. Outright gambling was a large part of 1929's volume. Today it has disappeared almost entirely and we have an investment market to a large degree with a relatively small amount of speculation on a high margin basis.

To compare the present 25-times-earnings and less than 3% yield on some growth issues to a similar condition in 1929 also ignores some very important differences. Today only a handful of growth issues are selling at very high price-to-earnings ratios and low yields. They comprise a small segment of the entire market. This condition applied to almost every stock in 1929. Such a comparison also ignores the motivation of the buyer. Today, these growth issues —such as Minnesota Mining, Dow Chemical and others—are largely being bought for cash, not for any immediate rise in price and dividends—but for long-term growth over the next 10 or 15 years. A drop in price would not disturb the buyer, who, in most cases, would welcome such a development to add to holdings. In 1929, stocks were bought in hope of a resale at a profit in a very short period of time. They were bought on a low margin and a drop in prices either scared or forced the holder out of the market.

Some Correction Ahead?

While it is evident that the present market is in no way comparable to 1929 as far as vulnerability is concerned, would it not be logical to expect some correction of the unprecedented rise of over 30% in the Dow-Jones Industrial Average in a little over a year?

Possibly if we review some of the reasons why the market started its advance 13 months ago and then evaluate the changes that have occurred since that time, we might arrive at some conclusion of how vulnerable the market is at present price levels.

In the first place, the advance has taken place without any rise in general business. The Federal

Continued on page 39

INDEX

Articles and News Page

Government's Role in Easing Business Fluctuations —Arthur F. Burns ..... Cover
Higher Market Ahead Over the Long Term —Edmund W. Tabell 3
Counter Attractions—Ira U. Cobleigh 4
Banks Weigh Nation's Post-Election Prospects —A. Wilfred May 5
The Long View of Life Insurance Investments —W. M. Anderson 6
Short-Sightedness—David Unterberg 6
Probable Impact of Atomic Energy on the Petroleum Industry —Robert E. Wilson 7
Forces at Work in Our Present Economy—Leo Barnes 9
Investment Pitfalls and Opportunities in Atomic Energy —Armand Erpf 11
A Look Ahead for Steel—Bennett S. Chapple, Jr. 12
Consumer Credit Needed for Expanding Markets —Robert R. Dockson 14
Was Columbus the First Man to Discover America? —Winifred Tickner and Alexander Wilson 16
Industrialization in the South and Prospects for the Steel Industry—L. S. Hamaker 17
Retail Sales and Parking Facilities—Roger W. Babson 19
Building Construction and the Business Outlook —Walter E. Hoadley, Jr. 21
Market Prognosticator's Dilemma—August Huber 24

INVESTMENT OPPORTUNITIES in the WORLD'S LARGEST MARKET

Article starting on the Cover page "Investment Opportunities in the World's Largest Market" deals with the Over-the-Counter Market and includes a tabulation showing, in addition to other data, names of companies whose securities are traded exclusively in the "counter" market which have paid consecutive cash dividends for 10 to 170 years (Table I, page 23) and a second tabulation with respect to consecutive cash dividend payers for 5 to 10 years (Table II, page 39).

Regular Features

As We See It (Editorial) ..... Cover
Bank and Insurance Stocks 20
Business Man's Bookshelf 8
Coming Events in the Investment Field 8
Dealer-Broker Investment Recommendations 8
Einzig—"British Textile Industry Faces Difficulties" 37
From Washington Ahead of the News—Carlisle Bargeron 10
Indications of Current Business Activity 51
Mutual Funds 59
News About Banks and Bankers 13
Observations—A. Wilfred May 5
Our Reporter on Governments 30
Our Reporter's Report 16
Public Utility Securities 47
Railroad Securities 33
Securities Now in Registration 53
Prospective Security Offerings 57
Securities Salesman's Corner 5
The Market . . . and You—By Wallace Streete 18
The Security I Like Best 2
The State of Trade and Industry 4
Washington and You 60

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Counter Attractions

By IRA U. COBLEIGH

Enterprise Economist

Some notes about a few over-the-counter stocks in various industries selling in a popular price range.

One of the reasons for lack of appreciation and understanding of the unlisted market is its very size. With some 30,000 issues to choose from, only a few hundred of which reach the newspapers in the bid and asked columns, it seems, to some, much simpler merely to invest in, or follow, items like General Electric, Radio, Woolworth, whose Stock Exchange transactions in volume are recorded daily. A course of action, along these lines exclusively, would, however, deny one the opportunity, in many cases, of purchasing shares in the earlier phases of expansion of a corporation. It would also close the door on purchase of many sound equities at four, five or six times earnings at a time when comparable listed securities might be selling at eight to 10 times earnings.

Ira U. Cobleigh

Further, the argument often advanced, that listed securities, because of greater popular following, are more likely to have good news promptly translated into market gains does not always work out thus in practice. For example, Great Plains Development over the counter has advanced from around 5½ to above 22 in the past 12 months—a rate of market gain quite satisfactory to the most avid speculator. Similarly, sharing in the new vogue for atomic energy minerals, Lithium Corp (unlisted) has, in the past 18 months, advanced from six to 25, Foote Mineral from 50 to 125, and Lindsay Chemical (producer of thorium) has gone from 30 to 190 and split five for one. And in a higher range, since November of last year, Travelers Insurance traveled from $750 to past $1,500 a share, which is a pretty impressive performance for such a high priced equity. These items are picked at random just to show that you can get plenty of favorable action over-the-counter. All you have to do is pick the right securities!

Another point in favor of the unlisted market is that, quite often, you can locate shares neglected or unnoticed by the general run of investors where the quoted price is actually below net quick assets per share; thus providing a bountiful bonus to the buyer in the form of other assets (earning or otherwise) acquired seemingly without any cost whatever. This situation occurs most commonly when a company is operating at a current loss, or where pessimism about the future trend of profitability exists. If this kind of a situation interests you, why not look up the latest balance sheets of such companies as Gruen Watch Co., Cleveland Worsted, Mohawk Rubber, or Crampton and Knowles Looms of Worcester? You will perhaps find share quotations, in each of these instances, at an interesting discount from net quick assets per share, and a much larger discount from book values.

Having, in a few whisks of the pen, referred to the potentials for capital gain, and the occasional ferreting out of apparently undervalued stocks in the unlisted market, let's move on to a few assorted shares whose batting averages are not included in the Dow Jones ones.

The first we'll mention is Skil Corp. which ties heavily into the current nationwide trend to "Do it Yourself." Products here include portable electric saws, and drills, and many power driven tools such as hammers, grinders, screw drivers, shears, blowers, etc. Its Home Shop line contains a complete set of electric and portable tools for cellar amateurs. On the financial side, gross profits are running at about $6.5 million a year with a net per share of $2.62 last year, and dividends totaling $1.55. Dividends have been paid since 1938, including a 3 for 1 split in 1947, and a 20% stock dividend in 1950. Net working capital is good, management excellent, and the business expanding in a popular field. Capitalization couldn't be simpler—merely 433,498 shares of common quoted currently at around 20.

With the $50 billion national highway program in the background, and an unremitting current demand for cement, it's not hard to say a kind word about Giant Portland Cement Co. This company can produce 3½ million barrels of cement a year, half of it in its quite new plant in Harleyville, S. C., and the other half in its older plant at Egypt, Pa. Sales rose 40% in 1953 (over 1952). Finances have steadily improved by paying off a $4,110,000 RFC loan in 1953 (over $2 million of it by retained earnings and the balance by a bank loan). Long term debt is now about $1.6 million, and there are 1,351,559 common shares. Current quotation around 15. A low priced stock, in a very sound industry, with no visible abatement in the sustained demand for its product, Giant Cement presents an interesting situation.

Bausch & Lomb Optical Co. racked up its best year a decade ago, when war orders carried net sales up to $60 million with net profit of $2.03 per share. Postwar problems carried sales down to about $35 million for 1949, but since then the trend has been back up; and net sales of $51 million were reported for 1953. The Bausch and Lomb name is world famous in spectacles, lenses and frames, and scientific and optical instruments.

Two vehicles are available for investment here—the $4 preferred around 74 (redeemable at $104) and the common around 14 with an indicated 70 cents dividend. Shares have ranged between 10 and 15⅝ in the past four years, so today's buyer is not pioneering the stock into new high ground. 1954 estimated earnings around $2 a share. Bausch and Lomb is a durable enterprise with a fine name.

With all the market enthusiasm for companies moving into nucleonics, Vitro Corp. might be worth looking into. This company conducts its operations through five separate divisions, the most romantic of which are Vitro Uranium Co., processor of uranium bearing ores in Salt Lake City, Vitro Rare Metals Co., and Vitro Engineering Co., experienced in the gaseous diffusion phases of atomic development.

The prospective investor in Vitro Corp. finds the attraction here neither in recent earnings, nor in dividends (which have been absent since 1952) but in the many phases of atomic energy in which Vitro has gained "know how," and is in a position to assert future leadership. If we are indeed entering the atomic age, then here is a company seemingly in line to prosper during it. 514,809 shares of common (quoted at 16) are preceded by $1,343,199 in long-term debt. Management is well regarded.

Our fifth entry in our diverse unlisted card for today is Public Service of New Mexico, serving electricity in a rapidly growing section of New Mexico, including Albuquerque and Santa Fe — a total population of above 150,000. Ninty-three percent of gross comes from electricity and it's nice to note that over 40% is from residential sales. The growth curve has been most satisfactory, with gross earnings rising from $4 million in 1944 to $8,350,000 for 1953, with net income expanding 140% during this decade.

There are a couple of unusual features here not found in the ordinary electric utility. Public Service of New Mexico owns entirely Pubco Development, an oil and gas enterprise in the highly regarded San Juan Basin in New Mexico. Pubco has over 300 billion cubic feet of known natural gas reserves, and about 1½ million barrels of oil underground, all of which sweeten the utility equity.

The second novel feature is found in the company's $5 preferred stock quoted around $115. Each share of this preferred carries a warrant for the purchase of five shares of common at $11.375 through April 1, 1955, and then at $12.375 through April 1, 1957 when the option dies. With the common now around 14 you can see the warrant can prove an interesting gimmick, with two and one-half years yet to run. Common should earn around 90 cents this year and pay 68 cents. Here's an attractive utility with somewhat unusual elements for gain in earnings and dividends.

Elsewhere in this edition are found listings of dozens and dozens of companies whose shares are traded over-the-counter, boasting long and sustained dividend records. So if you didn't see what you were looking for here, you may well find it in the more complete list. In any event, there are some very rewarding securities just waiting for your appraisal and approval in the vast unlisted market. Counter attractions I call them.

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(Special to THE FINANCIAL CHRONICLE)

WINTER PARK, Fla.—James I. V. Winland has been added to the staff of Security Associates, Inc., 137-139 East New England Ave., members of the Philadelphia-Baltimore and Midwest Stock Exchanges.

The State of Trade and Industry

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

The tempo of industrial production for the nation as a whole the past week continued to show recovery in many lines and while output held below the level of the similar period in 1954, the decline was much less pronounced than that in recent months.

Claims for unemployment insurance benefits in the week ended Oct. 2 were at the lowest level so far this year but continued to be noticeably above the year-ago level. While 4.2% of all eligible workers were drawing unemployment insurance benefits, in some States the proportion was considerably higher. West Virginia, where many coal mines are closed, had the highest jobless rate of all, 9.2%. Kentucky and New Hampshire followed with 8.4% and 8.3% respectively.

Industrial output in September, according to the Federal Reserve Board, gained about 2% over August. A year ago a decline had occurred between the two months for the first time in nearly a decade. And a mid-October survey suggests the rising production pattern will continue in the final quarter. Checks with a wide range of industries and individual companies confirmed the better-business picture.

The Federal Reserve Board industrial production index—which measures the output of the nation's mines and factories—advanced last month to 126% of the 1947-49 average. The August figure was 124%. The September index, however, was nine points, or about 6½% below the year-earlier level.

This week the steel market recovery is gaining momentum like a single wing attack to the strong side, according to "The Iron Age," national metalworking weekly. It should continue to carve out gains week by week and it will be awfully hard to stop.

The psychology is different, too, states this trade paper. Some of the same steel buyers who were still talking about trimming inventories a few weeks ago are now concerned about the prospect of a shortage of cold-rolled sheets. They have reason to be concerned. While a few weeks ago they could get delivery of cold-rolled sheets within four weeks or less, it now takes anywhere from six to 12 weeks, depending upon the mill with which the order is placed.

It is obvious that some steel inventories which had been trimmed to the bones are now inadequate. As deliveries become more extended, it is necessary to place orders farther in advance of needs. It also becomes necessary to stock more material. This means more buying — to raise inventories to desired level, as well as to meet fall production schedules. That seems to be what is happening now.

Added to this, of course, is a week by week pickup in automotive orders. The auto industry consumes about half of all the cold-rolled sheets produced. As it starts gearing up production it puts plenty of pressure on the cold-rolled sheet market, and the pressure will eventually be felt on other flat-rolled products as well, this trade authority notes.

Last week's United States car and truck production slipped to the lowest point in 26 months as model changeovers held output to approximately 64,271 vehicles, or 56% fewer than in same 1953 work period.

"Ward's Automotive Reports" said that Oct. 11-16 assembly of 52,033 cars and 12,688 trucks was about 18% under the previous week's volume and would be the smallest since Aug. 16, 1952 when the steel strike limited output to 32,612 completions.

The past week, Ford, Lincoln-Mercury and Buick went down for changeover, joining already idled Cadillac, Packard and Kaiser-Willys. In addition, Chrysler, Dodge, DeSoto and Plymouth are experiencing 1955 model production problems with Plymouth also hit by a strike on Thursday. Output was to be resumed on Friday last.

Chevrolet and Pontiac are approaching volume output, as is Studebaker—the only producer who has actually introduced its 1955 cars to the public.

The only passenger car makers near normal production last week were Nash, Hudson and Oldsmobile and they are all to be down by the month-end for new model factory alterations.

These factors contributed to the 18% decline in car manufacture last week from the 63,925 units hit in the prior week, while truck construction dropped 16% mostly because of Ford's changeover operations.

A bright note was added to the week's otherwise bleak aspect by completion of the year's 5,000,000th vehicle. However, to date

Continued on page 52

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Securities Salesman's Corner

By JOHN DUTTON

Better Customers!

The investing public is still in the dark when it comes to an appreciation of the excellent investment opportunities that are available in the Over-the-Counter Market. Last April the "Chronicle" published one of the most enlightening articles on the Over-the-Counter Market that has been written on this subject. Thousands of reprints were mailed by brokers and dealers to their clients and the story can be retold again and again.

Another Reprint Available

The article in this week's issue, *"Investment Opportunities in the World's Largest Market"* will also be available in reprint form at a cost of 20c each in lots from 1 to 199, and 15c each in greater quantities. The list of over-the-counter dividend payers from five to 170 years alone makes interesting reading, and the information pertaining to this market is presented in a manner that even the most unsophisticated investor can understand.

This excellent sales promotion literature is being made available by the "Chronicle" in an attractive pamphlet which fits neatly in a Number 10 envelope. "Compliments of" and the dealer's name in the line below is imprinted in the space provided for this purpose when 100 copies or more are ordered.

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This booklet should be sent to all clients, and it should be advertised in the newspapers for the simple reason that it will break down sales resistance against unlisted securities. Every day that your salesmen are out talking with potential clients and investors they are faced with the unnecessary burden of explaining and apologizing for the fact that some security they may be offering is unlisted. If you will only look around and see the opportunities for capital growth that have gone across your trading desk during the past 10 to 15 years in the unlisted market, there will be no doubt in your mind that something positive should be done to awaken the investors of this country to the fact that one of the most important areas for capital growth, income, and for the location of sound conservative investments is in the unlisted market.

The "Chronicle" Is Taking the Lead In This

To my knowledge very little has been done to bring the facts contained in these two excellent articles before the public. The unlisted security is still on the defensive when it goes out to compete for the investor's dollar merely because no concerted effort has been made to educate the public on the attractive investments available in the Over-the-Counter Market. But this should not be so because the unlisted market is not just a place where cats and dogs are traded—yet the public still seems to think this is so.

The only way to overcome investor apathy toward securities traded in the Over-the-Counter market is to mail such literature as this "Chronicle" reprint to your customers—advertise this article in the papers and send it out to prospective clients—and if you want to do something even more constructive along this line do some affirmative advertising about unlisted securities in your local papers and make it a cooperative effort backed up by several of the leading firms in your community. One of the most remarkable jobs of "hiding light under a bushel" I have ever seen, is the way that the investment business has neglected to inform the public that some of the most important firms in America have their stocks traded over-the-counter; that some of the best growth situations in America are traded over-the-counter; and for yield, comparative security, and breadth of choice it is the Over-the-Counter Market that offers the investor the largest stock market in the world. Yes, larger than the New York Stock Exchange, the American Exchange and all the regional exchanges.

Your customers should know these interesting facts. Won't this help your salesmen to do more business with less resistance?

Bankers Weigh Nation's Post-Election Prospects

By A. WILFRED MAY

ATLANTIC CITY, N. J.—Surely the principal sport—outdoor (on boardwalk) as well as indoor (in session quarters)—for the 7,000 American bankers gathered at their Annual Convention here has been the forecasting of business. "How are things going to be in 1955?", and "what's the election going to do to business?" are the $32 questions thoroughly permeating the invigorating ozone here.

A. Wilfred May

The specific overhanging query which generally has been so puzzling to the investor as well as the commercial banker, namely when the turnabout and long-postponed upturn from "the slowdown" will occur, was tackled here in a press conference with outgoing President Everett D. Reese. Fifty thousand mile coast-to-coast travels have left this grass-root banking leader from Newark, Ohio, with definite optimism. "Good business under highly competitive conditions," is his prediction—a keynote embraced by the majority of his fellows gathered here. Mr. Reese finds himself seemingly also particularly gratified over the farm situation, with the farmers understanding the need for the constructive turnabout entailed in the Administration's normalizing agricultural program, and understanding the need for at least some de-subsidization.

Impetus to the economy's forward movement stemming from Cold War challenge was typically set forth by Chase Bank Chairman John J. McCloy. He is among those stressing the generating force of the high rate of population growth—currently at 3,000,000 a year.

But the greatest source of encouragement to the ranking bankers here, is the continuing increase in capital expenditures reflecting business mangers' confidence in further rises in productivity.

Election Impact?

Asked about the impact of a possible change of Congressional control to be effected in the forthcoming elections, most of those gathering here express the firm conviction that this would cause no reversal over the long-term. In view, however, of the possible retracing of such Eisenhower benefits as tax relief, to follow from a re-intensification of Fair-Dealism, there is some skepticism existing in other quarters here.

On the other hand, it may be reported that the inflationary implications of Democratic victory are glossed over in the estimates generally voiced here.

What's Ahead for Consumer Credit?

On the important question of the status of consumer credit, Mr. Reese concluded that it is now levelling off with the satisfaction of the former pent-up demand.

Such "levelling-off" process was amended in detail in an interview afforded to this writer by Mr. A. O. Dietz, the chief executive of the giant finance company, C. I. T. Financial Corporation. "There will be a further levelling-off during the balance of this year," said Mr. Dietz, "but 1955 will see a definite resumption of the recent year's growth in our outstanding receivables, due to the upturn in the motor industry's increase in sales and production which is just around-the-corner. I am talking about a healthy pick-up, not a run-away situation, for us as well as for the motor industry."

Corresponding benefit to finance company earnings are likewise anticipated by this industry leader.

The status of individual indebtedness was given the green light here by Under-Secretary of Commerce, W. Walter Williams, in discussing the spurring of private residential building by easing credit terms. As comforting offsets to the postwar rise in mortgage debt, in dollar amount as well as related to disposable personal income, this businessman Administration official cites the accompanying rise in home ownership as opposed to renting; more available mortgage money; satisfactory equity value in relation to market value; and reform in mortgage lending practice.

Growing Respectability of the Common Stock

To the investment-minded down here, kudos extended to the common stock and recognition of its growing respectability are interesting. "The fact is that common stocks are now a necessary part of our conservative investment fabric; and they will stay so in good times and in bad, in war and peace, inflation and deflation," was the definite pronouncement of Benjamin Strong, President of the United States Trust Company of New York.

The following observations by Mr. Strong on the broad opportunities and area available for investing highlights a basic question in view of the actual operating policies of his fellow-trustees and fiduciaries:

"What does our tremendous nationwide growth mean to trust investment and to trust officers? To me it means that the reservoir for equity investment is nationwide, and that opportunities for investment are to be found throughout the length and breadth of the U. S. A. It also means that [*Sic*] we must broaden our horizons and stretch our imaginations beyond the situations we find on our doorsteps."

But—in the face of this attractive picture of far-flung investing opportunities is the persistent confinement of trustees, along with so much of the balance of the investing community, to Blue Chip-ism. Apparently the controlling appeal of window-dressing is insuperable!

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The Long View of Life Insurance Investments

By W. M. ANDERSON, C.B.E., F.S.A.*
Vice-President and Managing Director,
North American Life Assurance Co., Toronto, Ontario

Canadian insurance executive, after pointing out the major financial force on the flow of funds created by life insurance, discusses problems in the investment of life insurance funds. Stresses insurance investments, due to the implicit assumption of interest earnings in the insurance contract, take on a different aspect from those of other financial institutions. Holds no insurance company can invest its funds so as to balance future flow of interest and principal and cash requirements, and thus they cannot insulate themselves, completely against changes in interest rates. Lists four principles on which investment of life insurance funds should be based.

It is indeed a privilege to participate in the program of the Financial Section of American Life Convention, particularly since I have maintained for many years a continuing interest in the programs and have formed a high opinion of the abilities of the successive Chairmen to secure interesting and instructive speakers. From long past experience as a member of the audience I realize that as executive and investment officers of your companies you have a continuing concern about the fundamental policies which should be followed in the investment of life insurance funds. I also realize how the normal rhythm of investment operations—from day to day — week to week — month to month and year to year—can have a mesmerizing effect upon investment outlook and can create a state of unawareness of the peculiar attributes of the life insurance business in its investment aspects.

W. M. Anderson

My own attention to certain special aspects of life insurance investment has been stimulated by some of the recent reading which I have done and because of the direction of my remarks today I should like to make particular reference to two papers which I commend to your attention. One of these is entitled "The Financial Structure of a Life Office" by A. T. Haynes and R. J. Kirton, presented before a meeting of the Faculty of Actuaries in Scotland in March, 1952. The other is an occasional paper by Raymond W. Goldsmith prepared for the National Bureau of Economic Research as part of the broad studies sponsored by the Investment Research Committee of the Life Insurance Association of America on Savings and Capital requirements of the American economy. This paper is entitled "The Share of Financial Intermediaries in National Wealth and National Assets."

From my reading and observation I am persuaded that many of us are rather prone to take too much for granted in regard to the nature of life insurance, its magnitude and growth and the position which it occupies in our social, economic and political affairs.[1] Therefore, it seems to me to be desirable to review our fundamental purposes and objectives and to determine their implications in the field of life insurance investment.

Essentials of Life Insurance

Essentially life insurance is a risk bearing mechanism designed to protect the family against mortality hazards of uncertain incidence. In its simplest form—term insurance—premiums are collected from many families which, after provision for operating expenses, are assembled as death benefits for those few families where death has occurred. Even in this simple form life insurance is part of the saving and dissaving process. The term insurance premium (less the operating expenses which are the price of the insurance service) is essentially an item of saving on the part of the policyholder, but one where he has foregone his entitlement to the saving in exchange for the much larger death benefit if he dies and which, in that event, will finance the consequent dissaving of his family. Thus, even in the simple case of term insurance, the economic process of savings and dissavings is at work — savings through premium payments and dissavings through death claims. But since the self-cancelling produces no investment, the process may be termed "lateral" savings in contrast to the normal concept of "temporal" savings which embraces a separation in time between savings and dissavings and consequent investment during the time interval.

While one can visualize a life insurance business consisting entirely of term insurance, the reality of our business is very much different indeed. Many generations ago the increasing progression of mortality rates with age, together with the power of compound interest and the convenient simplicity of the level premium, led to the development of the modern life insurance contract which, while retaining in large measure the risk bearing mechanism of life insurance, affords a channel for temporal savings of a unique character. As an adjunct to risk bearing the life insurance contract also offers a savings process with the combined attributes of automatic and guaranteed accumulation, forward commitment as to future savings and controlled dissavings through the use of settlement options. In an era marked by increasing specialization of labor and dependence on money income with the consequent increased institutionalization of savings, it is really not surprising that life insurance in both its "lateral" and "temporal" or protective and savings aspects should have grown so much in public favor. However, certain other prerequisities were also necessary and fortunately were present. These were the unquestioned security of life insurance companies, an aggressive merchandising system and a climate of free and competitive enterprise.

In the result, life insurance for many years has been a major financial force on this continent. The current flow of funds back and forth between life insurance companies and their policyholders is of substantial moment in the economy while the accumulated net savings entrusted to the companies for investment are vast and impressive. However, the circumstances of life insurance obligations tend to create problems in the investment of life insurance funds which are different from those of other financial institutions. The first of these circumstances is the implicit assumption of interest earnings in the life insurance contract and the resultant necessity of employing life insurance funds in productive investment. The second circumstance is the undertaking to receive life insurance premiums far into the future under guarantees made in advance as to the benefits to be provided.

This system of forward interest earning commitments under life insurance contracts has led to security of performance as a prime principle in life insurance operation and in turn has necessitated security of yield as a prerequisite in life insurance investment. In this connection it is interesting to observe that no distinction is needed between interest and principal in the investment of life insurance funds. What is required is a safe and satisfactory combined return in relation to the monies invested. It is equally important to realize that security of return relates also to the time at which interest and principal payments will be made as well as to the amounts involved. In fact the form of the future obligations under life insurance contracts is such that both the yield and point of payment of life insurance investments are of significant importance.

In the case of an individual life insurance contract the course of the reserves implies a growing investment fund under which regular additions, subject to an interest earning assumption, are made with interest being accumulated through reinvestment during the contract's currency. While the duration of any particular contract cannot be foretold in advance, the aggregate behavior of a multiplicity of contracts—a year's issue for example—is predictable within narrow limits. The fund for such a group of policies commences at zero (or actually in a slight negative position because of acquisition expenses) and increases regularly to a peak some 15 years after issue, beyond which it declines at a rate which is affected in considerable measure by the extent to which policy proceeds are applied under settlement options.

Even a casual study of the course of the fund related to a single year's business leads to some startling conclusions. For a considerable initial period premiums will exceed expenses and policy benefits and therefore new investment together with reinvestment of interest must occur. For a further period policy benefits and expenses will still be less than premiums plus interest earnings so that partial reinvestment of interest earnings is still necessary. It is only at a point some 15 or more years hence that the fund begins to decline and therefore that liquidation of investment through maturity or sale must occur. When one considers that the assumptions as to interest earning ability have been made in the light of conditions at the point of issue but that actual investment will occur at successive later

Continued on page 25

*An address by Mr. Anderson before the Financial Section of the American Life Convention, Chicago, Ill., Oct. 8, 1954.

1 Unfortunately the scope and significance of life insurance in the context of the economy at large is not too well understood. In part, this lack of understanding is traceable to the treatment of life insurance in the National Accounts which ignore all premiums and policy benefits and regard the interest income of the companies as investment income of the personal sector of the economy. The operating expenses of the companies, together with the shareholders' dividends in stock companies, become a consumer expenditure as a charge for life insurance service rendered while the growth of life insurance funds forms a component of personal saving. It seems to me that this whole conceptual process has the effect of obscuring the position of life insurance and I should very much like to see the life insurance business construct each year an amended set of National Accounts which treat life insurance as a separate sector of the economy designed to portray the position which it in fact occupies.

Short Sightedness

By DAVID UNTERBERG
Unterberg and Unterberg
Counsellors at Law, New York City

Mr. Unterberg takes issue with statement made in article in October issue of the "Exchange," organ of the New York Stock Exchange, which states that only by using the facilities of an Exchange member, can the investor eliminate risk of doing business with a swindler. Says this amounts to a vicious and unwarranted attack on the over-the-counter broker. Calls over-the-counter broker a "half-brother to the Exchange member, who serves a useful purpose, and who may be the difference between life and death of member houses."

It was with a great deal of interest and incredulity that I read an article appearing in the October 1954 edition of the "Exchange," the official magazine published by the New York Stock Exchange.

Writing as one engaged in active law practice for over 20 years, eight of which were spent as an enforcement attorney with the U. S. Securities and Exchange Commission, and more recently and for the past five years as counsel for brokers, underwriters, and corporations, I was amazed to see this article published in the staid and reasoning "Exchange," ostensibly with the full approval of the editors and the tacit approval, at least, of the governors of the New York Stock Exchange, blatantly inferring that it would be misplacing trust if a purchaser of securities used the facilities of brokers who were not members of the New York Stock Exchange, and that only by using such facilities could the investor eliminate the risk of doing business with a swindler. Selected examples of the consequences of this misplaced trust were conspicuously interspersed in the article. The reader of the article is advised that all members of the New York Stock Exchange are trustworthy, conduct an honorable business with integrity and responsibility, and it is suggested that dire consequences may follow if other than such facilities are used.

David Unterberg

After reflection, I am indeed saddened to find that the usual stable and serious minded officials of the New York Stock Exchange permitted its magazine to publish what could be characterized as a vicious attack on the integrity of its half-brothers, the over-the-counter broker. Has fratricide found its way into the market place?

Certainly, the rank and file of the members of the New York Stock Exchange must realize that the entire securities business is based upon public confidence. Sullying an integral part of the mechanics of the securities market can result in no benefit to its component parts. Can public confidence be maintained if members of a family shout to the heavens **"Trust Me but Don't Trust My Brother; He Is a Thief"?**

The New York Stock Exchange must appreciate that in a society as vast as ours, in each group or industry there are individuals or factions not content with orderly and lawful procedures who will stoop to unscrupulous means to further their ends, and who are not averse to breaking the law, if they might benefit thereby. Is the government, Federal or state, to be scuttled because a few of its attorneys or officials are proved dishonest? Must the medical profession be written off because a few doctors are unmasked as quacks? Must we eliminate the legal profession because some of its members have forgotten the canons of ethics? Must we do away with the New York Stock Exchange because some of its members may have treated their customers' securities as their very own? And, on this score may I add that the harm occasioned by unethical conduct on the part of a member Exchange house invariably surpasses in effect and consequences that occasioned by a misstep of an over-the-counter house, the reason being the greater scope and number of individuals involved.

Sober reflection, I am sure, will call to mind the fact that the over-the-counter broker serves a useful purpose, and indeed may be the difference between the life and death of member houses. The over-the-counter broker finances new ventures which are meritorious, but which

Continued on page 22

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Probable Impact of Atomic Energy On the Petroleum Industry

By ROBERT E. WILSON*
Chairman of the Board, Standard Oil Company (Indiana)

Predicting no important phase of the petroleum industry will be adversely affected in the foreseeable future by atomic energy, prominent oil company executive holds few, if any, atomic power plants will be built for purely commercial purposes in the next decade. Points out only 10% to 15% of heavy fuel oil is now used by electric power plants, and even if atomic energy dispenses with this, the reduced market could be offset by fuel oil uses by ships and other equipment. Concludes, however, rising costs of petroleum and falling costs of atomic power, after 25 years, may eventually make the two competitive.

In the past half-century of amazing development and change in this country, one of the most dramatic shifts has been in the sources that supply our expanding need for energy. At the turn of the century the statistical information was none too accurate, but best estimates are that the burning of coal provided about 70% of the energy supply of the nation. The burning of wood provided about 20%. The remaining 10% of the energy market was divided between oil, gas and water power.

Robert E. Wilson

By the end of World War I, oil and gas had grown to about 15% of the total. Today they supply close to 60% of the country's energy. Coal has faded and wood has been almost eliminated. Although we have a larger population than in 1918 and use much more energy per capita, the country's coal tonnage has actually decreased.

Now we are entering what is widely heralded as the Atomic Age. People are asking whether atomic energy will in the next few decades do to oil what oil and natural gas have done to coal and wood. What, if any, threat does the new challenger pose to the reigning champion?

In trying to appraise the probable impact on our industry, I shall disregard the views of a few incurable optimists, who were sure way back in 1945 that atomic energy would soon be producing large quantities of power. I shall also disregard the views of the pessimists, who feel we may never solve the serious problems that still prevent the economical production of atomic power for commercial purposes. Fortunately, there is today a great body of fact and informed opinion which gives one a well-established base between these two extremes.

I yield to no one in my admiration for the research done in government, university, and industrial laboratories on the many problems involved in producing power from atomic fuels. However, I think it is fair to say that this research has uncovered almost as many new problems, unsuspected in the early days of rosy optimism, as it has fully solved out of the problems then recognized. That is not surprising because the military aspects of atomic energy have necessarily had priority over the hectic years since the war, and the research achievements there have been truly amazing. Power generation has been largely an incidental by-product of this great program.

If anyone claims that the new Atomic Energy Act turns over to private industry a bonanza in the form of already-solved technical and economic problems and an assured profit, either he does not know the facts or he is an arrant demagogue. Any private investment in commercial atomic power generation in the near future will have to be inspired more by public service motives than by any reasonable expectation of profit.

In discussing the probable rate of development of the commercial use of atomic energy, I should define what I mean by commercial use. Basically, I mean production of power at costs competitive with power from conventional fuels, and without direct or indirect subsidy from the government. I use this criterion because it is hard enough to appraise the complicated economic factors that will affect the outcome, without trying to take into account the unpredictable political and other factors that might lead to all sorts of open or concealed subsidies. Most of those, both in government and industry, who predict early commercial developments by private enterprise are assuming such subsidies. In some cases, especially in some of the underdeveloped, power-hungry countries, subsidies may well be justified, but they nevertheless are subsidies.

Unsubsidized Commercial Power Development

Specifically, I consider that commercial power development is unsubsidized only:

(1) If it pays for its uranium (or other fissionable materials) either by outrights purchase or on a rental basis that fully covers at least the **average** going cost to the government. (The government now pays widely different prices to different producers, depending largely on their costs.)

(2) If it gets no government-guaranteed price for by-product plutonium. Although the government is now producing plutonium at high cost for weapons, the time is likely to come before long when the armed forces will have no real need for additional plutonium, at least beyond their own production. The plutonium would, of course, have value for generating power, but in that event the plant should pay the cost of separating and recovering its own by-product plutonium, and use it up in its own power-generating operations.

(3) If it is set up on the basis of financing at commercial rates, paying the usual taxes and making a reasonable profit. Since capital costs will probably be two or three times as high as for conventional power plants, these factors are highly important in determining whether or not a nuclear plant is competitive.

(4) If it provides a plant location, safety devices, shielding equipment, and provisions for waste disposal substantially as safe as those of the existing atomic piles. While that factor of safety is quite high and is costly, it will be many years before any political subdivision would feel that it would dare to substantially relax present precautions.

A Conclusion

Defining commercial power production in this way, I believe most experts will agree that:

(1) There will be few, if any atomic power plants built for purely commercial purposes in this country within 10 years. These would be only at points remote from conventional fuel supplies. The Shippingport plant, near Pittsburgh, does not qualify under my definition of an unsubsidized plant, since the government is justifiably paying well over half of the total cost.

(2) Between 10 and 25 years from now (depending partly on technological developments and partly on the trend of prices of competitive fuels), a moderate proportion of the larger **new** power plants built **might** be built to utilize atomic fuel. No existing plant of reasonable efficiency would be shut down or converted to atomic fuel. As was pointed out by Mr. Whelchel, of Pacific Gas and Electric, during last year's conference, "... looking to the future, we do not expect nuclear power to supplant power generated by hydro and conventional steam stations. On the contrary, when and as nuclear power becomes economical, we believe it will fit into the nation's ever-growing integrated power systems without displacing then-existing generating facilities or preventing the construction in the future of hydro and conventional steam power plants."

As to the above-mentioned factor of the price of competitive fuels, while I both expect and hope the price of oil and natural gas will increase enough in the next 25 years to make atomic energy more competitive, I believe the price of coal will be the principal determinant. If oil and gas do go up, I am confident that John L. Lewis and his successors will help make sure that coal does not lag far behind!

If the foregoing is even close to a fair appraisal of the outlook for commercial atomic power, what impact would it have on our industry? At the risk of seeming facetious, I will say that at the end of 20 or 25 years we might turn around long enough to say, "Was that a mosquito that bit us?" and then continue trying to handle our growing business.

An Analysis

To understand the reasons for this opinion, let's analyze more in detail how such power developments might affect our industry. In the first place, heavy residual fuel oil would be almost the only oil product affected. Figure 1 shows United States production and consumption of this product in the years since World War II. The difference, of course, represents imports.

As you can see, residual fuel is a relatively small part of our business, and the percentage is becoming smaller and smaller. Over the past eight postwar years, our over-all **consumption** of heavy fuel has gone down from 28% to 22%, calculated on the volume of domestic refinery runs. Our **production** from domestic refinery runs has gone down from 25% to 18%. If the figures were in dol-

Continued on page 48

*An address by Mr. Wilson given at the National Industrial Conference Board Atomic Energy Conference, New York, N. Y., Oct. 14, 1954.

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Area Resources — Booklet on natural resources of the area served by Utah Power & Light Co.—Dept. M, Utah Power & Light Co., P. O. Box 899, Salt Lake City 10, Utah.

California—Memorandum—Bank of America, N. T. & S. A., 300 Montgomery Street, San Francisco 20, Calif.

Cement Industry—Analysis of Japanese Cement Industry—in current issue of "Investors Beacon"—Nomura Securities Co., Ltd., 1-1 Chome, Tori, Nihonbashi, Chuo-ku, Tokyo, Japan and 61 Broadway, New York 6, N. Y. In the same issue are analyses of Japanese **Chemical Fiber Industry, Vegetable Oil Industry** and a study of economic policy in Japan.

Favorably Situated Stocks—List of common shares with potentialities—in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue is a list of **"Special Situations."**

Government of Canada and the Provinces—Comparative condensed statements for fiscal year 1952-1953—A. E. Ames & Co., Incorporated, 2 Wall Street, New York 5, N. Y.

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

Manual of Sugar Companies 1953-1954—31st edition—Farr & Co., 120 Wall Street, New York 5, N. Y.—$2.00 per copy.

New York City Bank Stocks — Comparison and analysis for third quarter of 17 New York City Bank Stocks—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y. Also available is an analysis of **Sylvania Electric.**

Newling Canadian Letter—Fortnightly review of the Canadian Securities Markets—Newling & Co., 21 West 44th Street, New York 36, N. Y.

Oil Companies in the Middle East — Memorandum — R. W. Pressprich & Co., 48 Wall Street, New York 5, N. Y.

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Selected Securities—List of issues which appear attractive—E. F. Hutton & Company, 61 Broadway, New York 6, N. Y.

Uranium Penny Stocks—Bulletin—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

World Time Chart — Showing time differences in over 100 countries compared with E. S. T. in New York City—Foreign Dept., Manufacturers Trust Company, 55 Broad Street, New York 15, N. Y.

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Air Express International—Analysis—Standard Investing Corporation, 40 Exchange Place, New York 5, N. Y.

Automatic Firing Corporation—Analysis—White & Company, Mississippi Valley Building, St. Louis 1, Mo.

Bowater Paper Corporation, Ltd.—Analysis—Arnhold and S. Bleichroeder, Inc., 30 Broad Street, New York 4, N. Y.

California Quicksilver—Bulletin—Leason & Co., Inc., 39 South La Salle Street, Chicago 3, Ill.

Carlisle Corporation—Analysis—Cohu & Co., 1 Wall Street, New York 5, N. Y.

Central & Southwest Corp.—Memorandum—Josephthal & Co., 120 Broadway, New York 5, N. Y.

Commonwealth Life Insurance Co. of Kentucky — Survey — R. S. Dickson & Co., Incorporated, 30 Broad Street, New York 4, N. Y. Also available are surveys on **Jefferson Standard Life Insurance Co., Life & Casualty Insurance Co. of Tennessee, National Life & Accident Insurance Co., Life Insurance Co. of Virginia, Gulf Life Insurance Company.**

Fort Worth Steel & Machinery Co.—Memorandum—Moroney, Beissner & Co., Bank of Commerce Building, Houston 2, Tex.

Imperial Oil Co., Ltd.—Analysis—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Indiana Gas & Water Company—Annual report—Indiana Gas & Water Company, 1630 North Meridian Street, Indianapolis 2, Ind.

International Textbook Company — Analysis — Amott, Baker & Co., Incorporated, 150 Broadway, New York 38, N. Y.

Kaiser Steel Corp.—Memorandum—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill.

Lehman Corporation—Bulletin—Ira Haupt & Co., 111 Broadway, New York 6, N. Y. Also available is a bulletin of candidates for dividend increases.

MacGregor Sports Products, Inc.—Analysis—Strauss, Ginberg & Co., Inc., 115 Broadway, New York 5, N. Y. Also available is an analysis of **National Food Products Corp.**

National Homes Corporation—Analysis—Kiser, Cohn & Shumaker, Inc., Circle Tower, Indianapolis 4, Ind.

N. V. Philips Gloeilampen-Fabrieken—Data—Joseph Faroll & Co., 29 Broadway, New York 6, N. Y.

Reeves Soundcraft Corp.—Analysis—G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y.

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

F. C. Russell Company — Comprehensive Analysis — B. W. Pizzini & Co., Incorporated, 25 Broad Street, New York 4, New York.

Scranton Spring Brook Water Co.—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Southeastern Public Service—Progress report—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.

Techbuilt Homes, Inc.—Analysis—Aetna Securities Corporation, 111 Broadway, New York 6, N. Y.

Tennessee Gas Transmission — Analysis — Walston & Co., 120 Broadway, New York 5, N. Y. Also available are bulletins on **Johnston Testers, Inc.** and **Northwestern Public Service.**

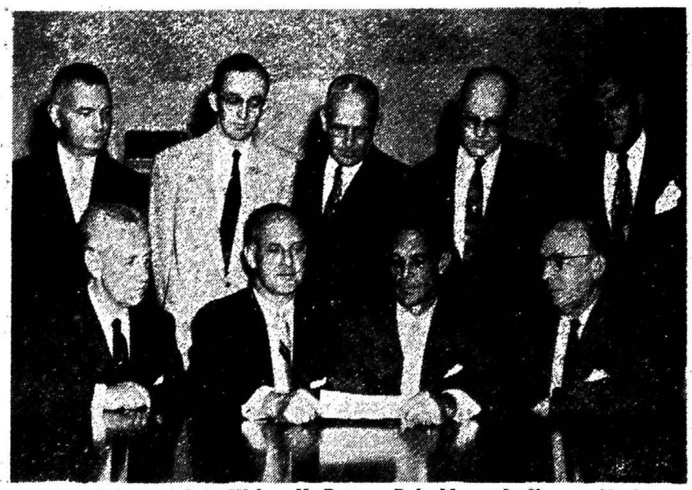
United Air Lines—Memorandum—Kaufmann, Alsberg & Co., 61 Broadway, New York 6, N. Y.

Warren Petroleum — Memorandum — Auchincloss, Parker & Redpath, 52 Wall Street, New York 5, N. Y.

H. Willett, Inc.—Analysis—The Bankers Bond Co., Inc., Kentucky Home Life Building, Louisville 2, Ky.

York Corp.—Analysis—Peter P. McDermott & Co., 44 Wall Street, New York 5, N. Y. Also available is a bulletin on **Atlas Corporation.**

Kansas Turnpike Financing Completed



SEATED (left to right): Walter H. Potter; Dale Moss; J. Cheever Hardwick; and Byron Gourley. STANDING (left to right): Josef Sorkin; Robert L. Mitchell; John E. Blake; William P. Timmerman and W. M. Merritt.

Formal completion of one of the major toll road financing programs of the year occurred Oct. 14 when officials of the Kansas Turnpike Authority accepted from a group of leading investment bankers a check for $155,875,000 representing proceeds from the recent sale of the Turnpike Authority's bonds. The check, comprising payment for $160,000,000 Kansas Turnpike Authority 3⅜% Revenue bonds due 1994 offered to the public on Sept. 22 at 97.30%, was presented by C. Cheever Hardwick, seated, second from right, of the investment banking firm of Smith, Barney & Co., to Dale Moss, chairman of the Kansas Turnpike Authority.

Observing the transfer of the check are, seated, left, Walter H. Potter, Vice-President, Guaranty Trust Company of New York, on which the check was drawn, and Byron Gourley, Secretary-Treasurer, Kansas Turnpike Authority. Standing are, left to right, Josef Sorkin, of the consulting engineering firm of Howard, Needles, Tammen & Bergendoff; Robert L. Mitchell, of the law firm of Mitchell & Pershing, bond counsel to the Authority; John E. Blake, member of the Authority; William P. Timmerman, General Counsel of the Authority; and W. M. Merritt, Vice-President, The First Boston Corporation.

Smith, Barney & Co., The First Boston Corporation and Beecroft, Cole & Co. were co-managers of an underwriting group of approximately 375 members which marketed the issue. Proceeds from the offering will be applied to construction of the Kansas Turnpike. The turnpike will be 236 miles in length and extend from Kansas City, Kans., to the Oklahome border via Topeka, El Dorado and Wichita.

Business Man's Bookshelf

Centralization and Decentralization in Industrial Relations—Helen Baker and Robert R. France — Industrial Relations Section, Princeton University, P. O. Box 248, Princeton, N. J. (cloth) $4.

Dollar, Dilemma, The—Perpetual Aid to Europe?—Melchior Palyi—Henry Regnery Company, 20 West Jackson Boulevard, Chicago 4, Ill. (cloth) $2.75.

Fabulous Florida: Facts and Figures—Allen Morris—Allen Morris, The Capitol, Tallahassee, Fla. (paper) $4.50.

Instalment Purchases of the American Family, The—Clyde William Phelps — Commercial Credit Company, Baltimore, Md. (paper).

Life and Times of a Happy Liberal: A Biograph of Morris Llewelly Cooke—Kenneth E. Trombley—Harper & Brothers, 49 East 33rd Street, New York 16, N. Y. (cloth) $4.

Manual of Sugar Companies 1953/1954—31st edition—Farr & Co., 120 Wall Street, New York 5, N. Y., $2.

COMING EVENTS

In Investment Field

Oct. 26-27, 1954 (Pinehurst, N. C.)
Securities Dealers of the Carolinas, South Carolina Municipal Council, and North Carolina Municipal Council annual joint meeting at Mid Pines Club.

Nov. 4-6, 1954 (Florida)
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Forces At Work in Our Present Economy

By LEO BARNES*
Chief Economist, Prentice-Hall, Inc., New York, N. Y.

Dr. Barnes discusses, in addition to the current business picture, the outlook for 1955 and thereafter. Holds business contraction of past 16 months was a "mild recession," which is now close to bottom, but upward movement is not likely to reach 1953 peak. Gives 11 reasons why business volume can be maintained at or above present levels without too much difficulty. Concludes fundamental changes in U. S. economy in past 25 years suggest that a slump like 1929 no longer need be feared.


Dr. Leo Barnes

I would like to consider with you today some of the economic, social, political and international forces that are shaping (1) the current business picture; (2) the outlook for 1955; and (3) prospects for the longer term. More specifically, I'd like to try to answer such questions as: "Is (or was?) it a recession? Is the recession over? Will 1955 be better or worse than 1954? How about the next decade or so?

Is (Or Was?) It a Recession?

Yes, pretty definitely, even though a rather mild one. Of course, it's purely a verbal question whether you call the contraction of business from a year ago a dip, a slump, a slide, a recession, or a readjustment. However, the standard authority on business cycles is the National Bureau of Economic Research—of which the present chairman of the Council of Economic Advisers is the most recent past president. If you examine the work of the National Bureau on past business cycles, it would seem that the 1953-54 contraction definitely falls into the category of "recession" as the Bureau has previously used this term.

Physical volume of industrial output has declined about 10% from the 1953 peak. In both the recessions of 1947-49 and 1926-27 the dips in output were about the same size. Because of rising productivity in manufacturing, the percentage decline in factory employment has been sharper in 1953-54 than in either 1948-49 or 1926-27.

The fact of recession is certainly very obvious in farm areas. At 89%, the farmers' parity ratio—the ratio of the prices the farmer gets for his crops to the prices he has to pay for supplies, wages, taxes and interest—is now at its lowest point since 1940. It's even below the level of 1929, which has generally been considered a depressed farm year.

Conclusion: It's political or emotional pussy-footing not to call the business contraction of the past 16 months a "recession."

Is the Recession Over?

Once again, the question is partly a matter of words. Remember this when weighing the eternal battle between the pessimists and the optimists. The pessimist is the guy who tells you how much has been chopped off; the optimists points to the huge amount that's left. The pessimist stresses unemployment; the optimist, employment. The optimist says a recession is over just as soon as bottom has been touched; the pessimist claims it continues until the former peak has been recaptured. Obviously, you can suit your mood and still be right.

If you keep this distinction in mind, I think you can say that the recession is over—in that the low point for 1953-54 has been reached. It is **not** over from the pessimist's point of view — because we're not likely to regain 1953 peaks for at least a year (assuming no new step-up in the defense program in 1955).

Why am I so sure that the 1953-54 recession is pretty close to bottom? Why do I believe—in opposition to some European and all Russian economists who are still alive—that there will be no chain reaction spiraling the U. S. economy from recession into depression?

My answer is that we the people — business, consumers and government combined—have both the will and the means to prevent that dire eventuality.

Here are 11 (that's an economist's dozen!) of the many clues that suggest that total business volume can be maintained at or above present levels without too much difficulty:

(1) This has been the first recession in history in which **government spending for national security** will total more than $40 billion a year (almost $45 billion, to be exact). No deep recession is possible so long as Federal spending for defense is maintained at or near these astronomical levels.

(2) **The government's easy money policy** is stimulating housing and commercial construction very markedly. The new housing law, with its 30-year mortgages and very low down payments, is making buying a house cheaper than renting an apartment for millions of additional families.

(3) **Slowly increasing state and local public works**, particularly badly needed schools and roads, are bolstering construction activity. It will cost anywhere from $80 billion to $100 billion over the next decade just to eliminate traffic jams in and around our cities.

(4) **Increasing Federal spending for protection against atomic attack**—both in the very far Arctic North and around major population centers—will also stimulate the construction, electronics, and guided missile industries. This will be an increasing important factor in 1955.

(5) Fast depreciation and other tax incentives, provided by the new tax law, are stimulating investment in new plant and equipment and in new product and new process research. Even before the new law was passed, competition has forced business to keep such investments very high. As Alice in Wonderland would say, in the wonderful U. S. economy of the 1950's, you have to run harder just to stay where you are.

(6) **Expanded social security**, now in effect, is boosting the purchasing power of millions of retired workers — the older and sprightlier market which is becoming a steadily increasing percentage of our nation.

(7) **Business** is bolstering the economy through harder selling, more intensive promotion, tighter pricing, clearance sales, better quality, and many new products, models, styles and packaging.

(8) **Incomes of the majority of the people** haven't been too seriously affected by the recession. Farm income is off from a year ago, and factory payrolls are still down more than 10% from a year ago. But, thanks to tax reductions, **total spendable income** of U. S. consumers is slightly ahead of a year ago—$253 billion compared to $251 billion. **This means that millions of customers have more money to spend today than they had at the peak of the boom.**

(9) **The consumer** is bolstering our economy by not responding to recession jitters and by buying at a very normal pace. Total consumer spending for goods and services combined is the highest on record—at an annual rate of more than $233 billion per year. This push to new record highs is due to stepped-up consumer spending for services. Retail sales of goods are fractionally below a year ago. However, the gap is steadily closing. By Christmas, retail sales should be running slightly ahead of last year—the best Christmas previously on record. Obviously, consumer sales would be down much more sharply if millions of customers were convinced a real recession was at hand. Their expectations would help produce the very results they fear.

(10) Our young people seem to be bursting with vitality. They're getting married at near-record rates, and seemingly at more and more tender ages every year. Once married, they're producing children in record volume—particularly second, third, and even later offspring. More childern were born in the first eight months of 1954 than in any similar period in U. S. history. If the pace holds up for the rest of the year—and there seems to be no reason on earth why it shouldn't—registered births will top four million in 1954 for a new all-time high.

The U. S. market for goods and services will increase in size by the equivalent of the cities of Denver, San Francisco, Milwaukee, Houston, Phoenix combined. Merchants, manufacturers and financiers alike well know that the "urge to merge" will continue to be the most potent stimulant for the "urge to splurge."

(11) Last but far from least, the Federal government — Republican or Democratic—is committed to maintaining business activity and employment at a high level. In the rest of the year, unemployment is likely to rise up to and above the four million mark, even with a modest fall pickup. The reasons are three-fold: (a) Our civilian labor force is growing at a rate of more than three-quarters of a million persons per year; (b) under present schedules, several hundred thousand additional men will be let out of the armed services in the months ahead; and (c) rapidly growing industrial productivity is raising output per man hour at the exceptionally fast rate of 4-6% per year.

In this kind of situation, the Administration in Washington will be under the strongest kind of political pressure to do something. No government can stay in office with unemployment remaining at these levels.

Current Unemployment Picture

The current unemployment picture is one major reason why a Democratic victory is expected by most observers this November—despite the strenuous campaigning President Eisenhower seems likely to undertake in response to urgent pleas from the Republican National Committee.

Joblessness is largely centered in 35 "labor surplus" areas—mostly in the Mid-West, New England and Middle Atlantic states. More than 6% of the workers in these areas are jobless.

These labor surplus areas will probably be crucial in the November elections. They are represented by 95 House members, of which 61 are Republicans, 33 Democrats and one an Independent. In about a third of these 35 key districts, the victor in the '52 congressional elections equeaked through by a very narrow margin. **Democrats have to pick up only a net gain of four seats to get control of the House of Representatives.**

These political facts of life highlight the importance of a business revival this fall and winter. That long-heralded revival now seems definitely under way. A modest lift in new orders should reach most business firms soon if it hasn't already done so. By December, practically every economic area should be at or above year-ago levels.

The current revival is, essentially, a reversal of the inventory downturn tacked onto a normal seasonal rise. The upturn will become more pronounced when new model auto production speeds up. This brings us to our—

Next Question: What About 1955?

Will it be better than, worse than, or as good as 1954?

You can pretty definitely rule out the second alternative. For the economy as a whole, 1955 is unlikely to be worse than 1954. No Federal Government could afford to let it become worse. If, early next year, clues turn up indicating that the modest recovery now starting was just a flash-in-the-pan, you can realistically expect further government action—more government spending, or more tax cuts to boost private spending or some combination of both.

A GOP administration would be little different from a Democratic administration in this respect. However, election of a Democratic Congress this November would probably stimulate a little more government action to maintain business activity and employment.

I think we can probably also safely stick our neck out and say that 1955 as a **whole** will be at least slightly better than 1954 as **a whole**—once again for the economy as a whole. The normal reversal of the inventory cycle in itself would just about guarantee that result. Industrial production would be more in line with final sales to consumers, business, and government, instead of running

Continued on page 34

*An address by Dr. Barnes at the Tenth Annual Convention of the Commercial Finance Industry, New York City, October 12, 1954.

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Continued from page 2

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American Research and Development Corporation

The security I like best is one in which (a) the risk of loss is minor, (b) there is a reasonable likelihood of a 25% capital gain during the next 12 months and (c) there are "romantic" potentials in the issue which might provide very large appreciation over the longer term.

Belmont Towbin

At $22 per share, American Research and Development Corporation appears to have the above characteristics. AR&D is a closed-end investment trust formed in 1946 by a prominent Boston group. Its principal activities are investigation and research with respect to new and existing enterprises, processes or products and furnishing capital through the purchase of securities of such companies. Technical advisors are prominent scientists associated with the Massachusetts Institute of Technology. As of June 30, 1954 the indicated asset value was about $29 per share of which 5½ points were in cash, or equivalents. Thus the $22 current market price for AR&D shares represents a substantial discount from **indicated** asset value.

However, of all the important affiliates, of AR&D, only Tracerlab, Inc., enjoys an over-the-counter market. All the other companies owned are carried at "fair value as determined by the Board of Directors." Over the next 12 months I expect that markets will develop in several of the subsidiaries. A close examination of some of these companies indicates that quoted prices will be substantially above the valuations placed by the Board of Directors. Thus, in my opinion a year from now **indicated** asset value of AR&D shares will be close to 40, as against about 30 today. I believe the market will recognize the exciting potential in some of the affiliates and will narrow the present discount at which the shares are selling. Thus, I foresee a reasonable expectation of a market price for AR&D shares 12 months from now 25% to 50% higher than the current $22 price.

As to my third characteristic, namely, the long-term "romantic" potential, the following is pertinent. Recently, imaginative security buyers have been aggressively seeking companies represented in the new fields of scientific developments. Among the affiliates of AR&D are several which have grown beyond the formative stage and appear to be on the threshold of substantial expansion. To mention a few "romantic" developments represented in the AR&D portfolio:

Electronic Devices: Airborne Instruments Laboratory, Inc.

Applied Physics for Industry (new equipment, new processes, ionics and nucleonics): Baird Associates, Inc.; High Voltage Engineering Corp.; Tracerlab, Inc.; Ionics, Inc.

Chemicals and new Chemical Processes: American Monomer Corp.; American Resinous Chemical Corp.; Secotan, Inc.

Oil Field Equipment: Camco, Inc.; Diamond Oil Well Drilling Co.

Plastic Pipe: Carlon Products Corp.

Industrial Controls: Control Engineering Corp.; R. W. Cramer Co.

Household Heating: Jet-Heet, Inc.

Tape Recording: Magnecord, Inc.

All these companies have very small capitalizations and AR&D holds a substantial interest in each of them. Related to the 300,000 AR&D shares outstanding, any combination of major success by two or three of these companies could result in a very substantial change in the ultimate asset value of AR&D shares.

To summarize American Research and Development shares at 22 seem reasonably "stopped" on the downside; a 25% to 50% market appreciation appears to be a realistic expectation over the next 12 months merely through development of over-the-counter markets in a few of its affiliates; and, lastly, even larger long-term rewards are possible if some of its "romantic" subsidiaries fulfill their promise.

G. R. Jones With Dickson in Atlanta

(Special to The Financial Chronicle)

ATLANTA, Ga.—Guy R. Jones has become associated with R. S. Dickson & Co., Inc., Grant Building. Mr. Jones was formerly with Bache & Co. in Raleigh, N. C. and with Thomson & McKinnon in Charlotte, N. C. and Atlanta.

From Washington Ahead of the News

By CARLISLE BARGERON

Those ivory tower editors and commentators of the East who have been joyfully predicting that the Democrats will win the next Congress, both House and Senate, and contending that this will unleash Eisenhower's "liberal" instincts instead of hamstringing him, are, to my mind, in for a rude awakening. The likelihood, in the nature of things, is a Congress even more conservative than the last one. Leadership is likely to slip away from him back into the hands of the coalition of conservative Democrats and Republicans which held control, on domestic affairs, in the latter days of Roosevelt the Great and throughout Truman's Administration.

Carlisle Bargeron

This is, of course, not what the ivory tower boys have been hankering for. They have considered the Republican party to be a halter around Eisenhower's neck; they have insisted that he and the party were something apart. As one of them impatiently exclaimed upon one occasion: "The country doesn't give a damn for the Republican party; it is for Eisenhower." With the Republicans out of power and Eisenhower still in, he and the Democrats would be free to go rejoicing down the "liberal" road.

It appears now that Eisenhower will be freed from the "Republican yoke" all right. The Democrats will likely have a margin of at least 15 votes in the House and the Senate looks like it will wind up with 47 Republicans, 48 Democrats and the ineffable Morse voting with them to give them 49 votes to organize the body.

In this event you can expect a lot of bitter Republicans around Washington. They will be looking for scapegoats; there will be an inevitable demand for Sherman Adams' scalp. Dead cats, you can rest assured will be flying all over the place. And that persuasive propaganda with which the Republican members of Congress have been deluged ever since they returned to power—that their only chance lay with following Eisenhower 100%—will have lost its effectiveness. It didn't work out. The President is reported to have complained at Denver that the Republican candidates would not be in so much trouble if they had supported his program. But he is mistaken on this. It is those who have supported him most that are in the most trouble, not necessarily because of their support, but because the situation is just shaping up that way.

The record is that the Republicans in Congress, generally speaking, went out of their way to support the President, in many instances against their better judgment. We had the unusual spectacle, in fact, of the Republicans determined to make a dominant leader out of him, against, at least at first, his own wishes. They did this under the whiplash of the agitation that Eisenhower must be the undisputed leader, that the Republican party itself, didn't mean a thing.

There won't be any disposition on the part of Republicans to continue in this role.

On the other side of the aisle, among the Democrats, it will become apparent that the party unity exists only when the party is out of power. The cleavage between the conservative and "liberal" wings of the Democratic party is certainly just as serious as that in the Republican party. The Southerners have nothing in common with the Murrays, Lehmans, Mennen Williams, Minnesota Humphrey. The bitterness between them will once again come into the open. The Southerners once again will find their companionable associations with the conservative Republicans. The coalition will be in a position to stop any advance of "liberalism," such as liberalization of the Taft-Hartley Act and enactment of the President's new medical program.

The President was remarkably successful, in my opinion, in pushing through so-called progressive legislation in the last Congress. It is doubtful if he will do as well with a coalition in control.

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October 20, 1954.

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Investment Pitfalls and Opportunities in Atomic Energy

By ARMAND ERPF*
Partner, Carl M. Loeb, Rhoades & Co., New York City
Members, New York Stock Exchange

Mr. Erpf, pointing out the pitfalls of "prospecting by stock certificate," cites unsound features in currently popular speculation in "ium" stocks. Urges large corporations' entry into nucleonics field be viewed in proper perspective in consideration of near-term profits. Concludes that in lieu of plethora of investment bonanzas, there is some over-discounting, over-optimism, and investment naivete.

I

Uranium Mining

Almost the only phase of atomic energy in which the public has been able to participate directly and undilutedly is mining. The spectacular success of prospectors like Charles Steen and Vernon Pick has attracted people from all walks of life who have changed their more prosaic pursuits for the romantic, if trying life of a prospector.

Armand G. Erpf

A large number of people, however, decided against the hardships of trekking all over the Colorado Plateau and elected the more leisurely, although no less risky, endeavor of prospecting by stock certificate. Quite a few of the more than 500 mines that have sprung up on the Colorado Plateau are small enterprises which are operated by individual prospectors or small groups as a limited pick-and-shovel operation. But a couple of hundred of them have been able to raise risk capital by the flotation of common stock. Most of the new issues were oversubscribed the moment they came out and almost without exception the new equities rose considerably above the initial offering price without regard for underlying values.

I need not describe the difficulties encountered in estimating the mineral wealth of any given piece of land on the Plateau without extensive development work. You know the capricious way in which economic deposits were formed only in certain rock formations and within these formations again merely in the channels of old rivers and near the points where bituminous or carbonaceous matter had accumulated. Thus, physical adjacency to a successful mine, the most popular argument used in stock flotations, is quite meaningless. No doubt some of these enterprises will find the deposits hoped for, but many others will realize that their treasured claim is nothing but wasteland and in many other cases deposits will be limited and will not justify present evaluations.

Purchasers of stock are often unaware that capitalizations are enormous so that their penny stock actually aggregates great sums for the underlying property and frequently outstanding options for insiders will further water profits, if any. Also, as a result of hasty surveying and staking methods, many properties are crisscrossed by competing claims. In addition, promotional methods so far unchecked despite a field investigation by the SEC have harmed many an unwary person. The penny price of stocks often disguises the rapacity of promoters who think that the unsuspecting public owes them a living and who "take" the investor in percentage distribution that no financier would consider tolerable.

As development of these properties will separate the sheep from the goats, the danger is that the bubble of speculative frenzy, if carried to an extreme, will burst and disappointed investors are apt to retain a distrust vis-a-vis an industry that brought them disillusionment, perhaps making it difficult at a future date to raise risk capital for legitimate enterprises in the atomic field.

In essence, in the mining phase of atomics we are in the gold rush period where by and large the public gambles in grubstaking the prospector. A vast area is staked and presumably a small percentage will strike it rich. When the show is over a number of mines will ensue and, let us hope, a large ore reserve will be proved. The method is a little primitive but it is one way to get results quickly. As long as the public realizes what it is doing, namely, gambling on sweepstakes tickets, and parts only with that portion of its hard-earned money that it can afford to lose, there should be no great damage.

II

"ium" Stocks

The aura surrounding the uranium boom has spread to stocks where the public detects the presence of uranium or, for that matter, other elements whch have an actual or alleged place in the atomic energy program. Thus Homestake Mining, Anaconda, Atchison. Topeka & Santa Fe, Climax Molybdenum, and Vanadium are to a varying degree influenced by the psychological new value (see table I).

TABLE I
Value of common stock at market, Sept. 24, including convertibles
(,000,000 omitted)

Atchison, Topeka & San Fe	$580
Anaconda	363
Climax Molybdenum	135
Homestake Mining	96
Vanadium	46

While the chances of an investor are improved if he chooses as a medium the stock of a growing enterprise which is adding uranium mining to its other pursuits, it should be realized that this does not necessarily change the basic aspects of a company, and while uranium may be a worthwhile diversification venture, entering this field will not promptly double or treble earning power. The uranium pickings so far have not been important in relation to their equity base.

Leaving out linoleum, a downtrodden commodity, the public is getting into the habit of jacking up a multiple or two on almost any company which has "ium" among its products or, better yet, in its corporate headdress. Thus, Zirconium, Lithium, Beryllium, Thorium, Hafnium, and even Mercurium have allure either as another source material for atomic energy or because of their actual or possible use as controlling devices in reactors, as coolants or moderators. The uncertainty as to what elements will find permanent use, or will be replaced by more economic materials, and the ignorance as to the quantities involved render a financial judgment difficult if not impossible. For the time being, however, public enthusiasm feeds on itself and equates remote hopes to certain expectation, disregarding that nuclear fission is not quickly going to change the principal business upon which these enterprises rely for their earnings. These companies are on their toes but we should not slip into the error of overvaluing them.

III

Concentrating and Refining

Investment opportunities do not become any easier in passing from the hazards of exploration to the steadier business of processing. Uranium ore refining while handled on a private enterprise basis is actually completely regulated since there is only one customer, the Atomic Energy Commission. Thus, while uranium refining should be moderately profitable, there is a fixed relationship between invested capital and financial reward and for all practical purposes these refineries are run on a fee basis and opportunities for sizable profits so far are limited.

IV

Massive Companies

To operate the complicated and many-faceted atomic energy industry the government has invited the great massive companies of the land to operate plants in certain segments of nucleonics. Scarcely one of these companies is less than a $1 billion affair, but even the value of these giants is being lifted by the radioactive ground swell and perhaps the investor should pause for atomic projects to be turned into reality and to get something into the income account. General Electric, for a dollar a year, operates the Hanford plutonium works; du Pont, for a mess of pottage, manages the Savannah River hydrogen project; Goodyear, for a small fee, the Portsmouth concentration plant; Union Carbide, for a wage, the Oak Ridge and Paducah group of atomic installations; Phillips Petroleum the Idaho reactor development; and American Telephone and Procter & Gamble participate in some phase of bomb component manufacture (see table II).

TABLE II
Value of common stock at market, Sept. 24, including convertibles
(,000,000 omitted)

American Tel. & Tel.	$8,420
du Pont, E. I.	6,567
General Electric	3,818
Union Carbide	2,446
Phillips Petroleum	1,113
Procter & Gamble	870
Goodyear Tire	380

Why do these billion or multi-billion dollar institutions undertake for virtually no return to organize, supervise, and operate these vast complexes? Presumably they may be motivated by patriotism which, in spite of the insulting innuendos of superficial intellectuals, beats deeply in the hearts of men of money and creative organizers of great businesses, as well as by the normal enlightened selfishness of institutions groping, for a future of power and potency, to acquire the know-how of this mysterious industry so that they may be able to translate its secrets into the production of goods and services needed by man for his ordinary life. Well and good, and this may have financial meaning, but ten years hence.

There are two important points which must be kept in mind in financial evaluation, the time factor and the size of the equity base. An improvement in earnings to take place ten years hence has negligible current value unless the whole structure of the company is to be changed. If a company earns $5 per share today and has hope or expectation of earnings of $6 to $6.50 in five to ten years, the price-earnings ratio should not be radically modified. Nor should it be assumed that a 20% to 30% increase in net earnings for a big company is an easy feat. A $3 billion company, for example, valued at 20 times earnings would have to make, before taxes, a profit of $60 million per annum out of atomics before there is a 20% impact on the price of its shares. This is a great deal to expect and the exuberant investor may well ponder before plunging.

Disgressing for the moment, the policy of the government in not going it alone in the creation of this new industry is commendable. The electric energy and the aircraft, shipbuilding, chemical, and many other industries are likely beneficiaries of atomics and their future is, for better or worse, linked up with the growth of nuclear physics. While atomic scientists are in a position to surmise how atomic energy can be applied in these different fields, they lack the specialized knowledge of engineering design and operating technique just as industry itself is deficient in atomic knowledge. Thus, the relationship of the government echelon to private industry in research and industrial application is one of mutual giving and taking. The government scientist in revealing his insights points to new roads in industry, but the industrial engineer must take it on from there and translate theory into practice to lay the foundation for a further advance. Therefore, it is better that some industrial companies begin to partake of atomic knowledge than if it were confined to the government alone.

The question here, however, is whether the optimum can be obtained by massive companies which through an evolutionary process have attained great size and importance and have become in a way private bureaucracies. Is such a plan as mobile, as flexible, as ingenious and as potent as if some of the important but not-so-large companies were able to acquire an understanding of the new science and through their energy apply it more speedily and more brilliantly than is the case when our great, though marvelous, institutions alone have access to this new field? The role of large enterprise is natural, and I take it normal, in the handling of a mature industry which has passed through its phases of creation and competition to maturity and fruition, but this is not necessarily good breeding ground for new processes, new techniques, and a new industry. Here, too, as elsewhere in human affairs, tradition, conservatism, and caution enter to exclude creative fury.

V

Instrument and Engineering Companies

There has developed an industry of engineering and service outfits whose marquee is adorned by stars form the atomic firmament and these companies are capitalized at much higher multiples than other engineering firms. Service organizations in general are precarious affairs subject to the temperament of the

Continued on page 43

*A talk by Mr. Erpf before the Atomic Industrial Forum, Inc., New York, Sept. 27, 1954.

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A Look Ahead for Steel

By BENNETT S. CHAPPLE, JR.*
Assistant Executive Vice-President—Commercial,
United States Steel Corporation

Stating his view that the American economy could easily operate so as to make the year 1955 the second or third highest year in the post-World War II period, executive of largest steel producer discusses major factors which affect the general business level, along with the current steel inventory situation and the outlook for steel consuming industries. Concludes, as regards steel industry, "we are now at a point where sound and realistic planning, proper merchandising and aggressive selling can bring their greatest rewards."

You have asked me to talk about the business outlook for the year ahead. This is a most appropriate subject for this time of year, and for this moment in our economic history, for we have, I believe, successfully weathered a fairly sizable and prolonged business decline. Naturally, we are all asking the question, "Is there more of the same ahead of us, or is the worst over, and is the year 1955 going to bring improved business conditions?"


B. S. Chapple, Jr.

Frankly, I am always somewhat concerned when I am called upon to discuss the business outlook in a meeting such as this. My real concern is not, as you might think, that actual events will prove me wrong, for I am quite willing to accept as part of the game, the forecasts which go wrong as the result of an unforeseen, and perhaps unforeseeable, event such as the Korean War, or even as the result of a failure of human judgment. My real fear is that any forecast I may make will be accepted as gospel by some of my listeners, and as such adopted by them as a basis for action by themselves, or by their companies.

It seems to me, that to be truly useful in planning, a forecast should be hammered out in the forge of a company's own organization. It should represent the knowledge, the experience, the mature judgment of competent men in every part of the company's own commercial organization. To these opinions from inside your own organization then may be added the qualified views of outsiders—such as those I am about to give you — but they should not be accepted blindly. Moreover, safeguards should be taken to compensate for possible error.

I, therefore, hope that in making up your own minds regarding the year ahead, you will review my comments critically; you will use them to stimulate your own thinking; and you will employ them to check your own judgment. In the end, however, I strongly urge that you arrive at your own forecast for planning purposes, a forecast which you will be willing to live by, unless and until fundamental factors change and lead you to a significant revision of that forecast.

*An address by Mr. Chapple at the Convention of the National Association of Sheet Metal Distributors and National Wholesale Hardware Association, Atlantic City, N. J., October 5, 1954.

Where We Now Stand

Before turning to 1955, let us take just a moment to set the stage by talking about where we now stand. An unusual degree of stability is the keynote of current business conditions. Despite minor fluctuations in wholesale and retail trade, automobile model changeovers, and dullness in steel demand, industrial production has, for the past several months, leveled off at a little less than 10% below the 1953 all-time peak. During the first eight months of 1954, the seasonally adjusted Federal Reserve Index has moved in a very narrow range of 123-125, compared with 100 in the 1947-1949 base period.

Despite this remarkable stability of the over-all economy, steel shipments during the first eight months of this year have declined steadily. During this period, steel consumers have reduced their stocks of steel and work in process to levels more in keeping with their own lower rates of output. At the same time, they have attempted to push the inventory-carrying function back onto raw material suppliers. One need but note the extremely-late order entry pattern which the steel mills have experienced in the past few months to appreciate the extent to which consumers have carried this adjustment.

This, then, is the picture as we approach 1955.

An Optimistic Forecast

First of all, it is my personal opinion that the American economy could easily operate next year at a level which would make 1955 the second or third highest year in the post-World War II period. If this is so, then, there is reason to believe that operations in the steel industry will average slightly above our 1954 experience.

To get at the reasoning behind this relatively optimistic forecast, let me discuss briefly three important areas:

First, some of the major factors, both economic and political, which affect the general level of business;

Second, the steel inventory situation, which is a crucial factor in the steel outlook; and

Third, the outlook for some of the individual consuming industries which together make up the market for steel.

Governmental attitudes, actions, and policies have come to be a very important over-all factor affecting business conditions in our generation. At the same time, they have become one of the factors least subject to prediction.

In my opinion, the Administration and the Congress have made great progress in improving the business climate, and in generating confidence among businessmen. They have succeeded in checking the inflationary spiral by reducing the Federal deficit. They have released the stranglehold which the Government had on all our businesses through direct controls of various kinds. They have reduced taxes somewhat and, more important, have moved toward a revision of our antiquated tax laws in the direction of greater stimulation of risk taking and business enterprise. All these things are desirable; and, to the extent they are continued and expanded, they contribute to sound and expanding business.

The decline in defense spending, which has been taking place since the end of shooting in Korea, is, however, an important factor in the business outlook which points in the opposite direction. Current Government estimates indicate that such spending will continue to decrease in the year ahead. While any unfavorable international development could quickly reverse this trend, any increase in such spending, barring a shooting war, would probably be largely in the area of radar, electronics, guided missiles, aircraft, and, particularly, research and development, all of which affect steel and other heavy industry far less than production of ships, tanks, and shells.

On the other hand, perhaps the strongest sustaining factor, and one which promises to continue, has been the high income which the American people have had available for spending, after paying their taxes, and their willingness to spend it, despite the well-publicized business decline. Incomes will continue to be high, and so far there is no indication that consumers are about to reduce their expenditures.

Another major factor in the business picture is spending by business for plant and equipment. Business, in general, is able to spend at a high rate. It has sizable liquid funds, and ample credit is available. The real question is whether these will be used. On balance, while it does seem likely that capital expenditures will decline further from the peak levels of 1953, nevertheless, such expenditures should remain at a relatively high rate.

Finally, one of the most important favorable factors affecting business is the unusual degree of stability our economy has shown in recent months, which I mentioned earlier.

The total effect of these, and other, counter-balancing forces would seem to indicate a horizontal movement in our economy for the next 12 to 15 months. This, in turn, suggests the probable pattern of steel production, the chief area I wish to discuss with you today.

Of more than ordinary importance in this picture is the level of steel inventories in the hands of steel consumers. What has been happening to such inventories is shown by the fact that there has been a substantially greater decline in steel production during the past 12 months than in manufacturing activity generally. Steel ingot production in July, 1954, was nearly 30% less than in July, 1953, whereas industrial production dropped less than 10% in the same 12-month period. During the first six months of 1953, the amount of steel in inventories was increasing so that more steel was being produced and shipped by the steel industry that was being consumed in the economy. A year later, the opposite process was taking place. Consequently, by mid-1954, considerable contraction in steel inventories had taken place—several million more tons than many had foreseen. No longer were steel users merely tailoring their inventories to new consumption levels. Their concept of the level of inventories required to support a given rate of steel usage was radically reduced. The output of finished goods was dropping steadily, but the drop in steel inventories was far greater.

Inventory reduction must, however, eventually come to an end. I firmly believe that point has now been reached. Therefore, in 1955, steel usage by steel consumers will be the chief factor determining steel demand.

Major Areas of Steel Usage

Let me briefly cover the outlook for some of the major areas of steel usage.

During 1954, the high rate of activity in the construction industry has been the strongest factor sustaining the steel industry, as well as business generally. When the year is over, construction put in place will total an all-time record of $38 billion. The somewhat unexpected upsurge in housing starts stimulated by new Government housing policies, and the steadily increasing pace of new contracts for schools, hospitals, and commercial structures, have largely been responsible for this performance. Next year, both of these types of construction will continue strong.

Housing starts again should be over one million units, and the demand for commercial building should be far from satisfied by the end of the year. Highway construction should also be at a high level. On the other hand, a further reduction is expected in industrial construction and in pipe line projects, both of which dropped considerably in 1954. However, when all the segments of the construction industry are taken together, we can forecast another high year for construction in 1955, the fifth in a row, even though the market in total can be expected to be off from 1954.

In contrast, the automobile boom, which had become almost a permanent fixture of our economy in the last few years, has apparently leveled off. For next year, the automobile industry is faced with a more normal market condition which will principally reflect replacement demand. Nevertheless, production of cars and trucks in 1955 will probably approach six million units. While this reflects a reduction of from 5 to 10% from this year's high level, we should be wary indeed of any thinking which portrays the auto manufacturers as comfortably slipping back into a market completely dictated by formulas for scrappage rates, cor saturation levels, and the age distribution of current registrations. In the dynamic automobile industry, things just don't work out that way.

Auto makers just now are swinging into the production of 1955 models which, for many lines, will represent striking changes from 1954 designs. Retooling this year has been more extensive and more costly than in any other year in the industry's history. Many 1955 cars in the low-price bracket will have the horsepower, roadability, and high-styling characteristics of the premium cars of just a few years back. Hence, it would be a rash person indeed who would do more than generalize, as I have done, on the effect of all this on the total demand for vehicles next year.

The machinery industry is the third largest consumer of steel. In 1953, the output of this industry reached a post-war peak. In 1954, production dropped about 12%. In 1955, an additional drop of 10% is anticipated.

Careful analysis of practically all components of the machinery industry show continuing signs of weakness. One major exception is electrical machinery and equipment. While electrical manufacturers are now experiencing a lull in incoming orders for transformers and generators, this appears to be largely a matter of catching their breath before another upsurge. This is a logical expectation in view of the ever-steady pressure for central station power plant expansion. On the average, each person in the United States uses twice as much power as he did in 1941; and the trend shows no signs of slowing down. This dynamic fact cannot be minimized, either in its effect on the machinery and appliance industries, or on our standard of living and entire way of life.

Up to this point, I have touched briefly on the outlook for the three largest steel consuming industries, which collectively are responsible for over 60% of total steel demand.

There are, of course, a number of other important industries which represent substantial markets for steel. I shall not take time to discuss each of these in detail, but let me briefly indicate my opinions regarding the outlook for each of them in 1955.

Three of these remaining industries are expected to use about as much steel in 1955 as in 1954. Little change is expected in oil and gas drilling. While there may be a slight decline in the number of wells drilled, this is likely to be substantially offset from a steel usage point of view by a continuation of the long-term trend toward greater average depth per well.

Another industry likely to show little change in steel use compared with 1954 is agriculture, including not only steel used in farm implements, but also steel products such as fence, barbed wire, and galvanized sheets purchased directly by the farmer. The controlling factor in farm purchases is the level of farm income, which has declined significantly during 1954. A further decline of significance is not likely in 1955; consequently, I expect the demand for steel from this industry to be about the same as this year.

The appliance industry is a third steel consuming industry which can be expected to consume about the same amount of steel in 1955 as it did in 1954. I believe that, in 1955, production of the old-line, standard appliances may decline from their 1954 level. However, increases in the production of newer appliances, such as clothes dryers and automatic washers, are quite likely to provide an offset.

Now, let me refer briefly to three industries which, in my opinion, are likely to consume less steel in 1955 than this year.

The most important of these is the railroad industry. During 1954, railroads have experienced a sharp decline in carloadings, and consequently in cash revenues. This situation has been directly reflected in reduced steel buying during the second half of the year. There is nothing in the outlook for 1955 to indicate any substantial recovery in carloadings over current levels. Until such a pick-up in traffic does appear, steel consumption on the part of the railroad industry will continue at the low levels of the past few months.

A second industry with reduced 1955 steel requirements will be shipbuilding. For the past several years, activity in this nation's shipyards has declined in the face of foreign competition. Government programs are on paper to stimulate domestic shipbuilding and repair work. However, at best, these programs will not

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swing into action until late next year.

The use of steel for the production of ordnance material next year will be slightly below the 1954 level. As a larger portion of defense funds is directed toward research and technical development, production of major steel-using items such as shells, tanks, and artillery, will be reduced.

In two industries, I look for an increase in steel requirements during the coming year. The container industry will benefit from the rapidly expanding market for canned soft drinks. This market has mushroomed beyond expectations and promises to continue its rapid rate of growth for several years.

The coal mining industry will also experience improved volume next year. A gradual loss of markets has plagued coal mining for several years. Railroad markets declined as more and more roads switched to diesel engines; postwar export markets virtually disappeared as European mines were brought back into production; natural gas encroached on the residential heating market; in 1954, the steel industry itself required reduced quantities of coal. Each of these four major coal markets has been reduced to a minimum. However, the fifth major coal market, the use of coal in generating electricity, is increasing; and next year an increased requirement of coal for this purpose will lead the mining industry to increased activity.

Outlook for Distributing Segment of Steel Industry

Over the years, a substantial proportion of the steel consumed in this country is delivered to consumers through the vast network of jobbers, dealers, and distributors who are the medium by which thousands of steel users requiring small quantities of steel are served. I know you will be particularly interested in the outlook for this distributing segment of the steel industry. It is clearly evident that during the past year, steel warehouses and distributors have been particularly hard hit. As steel consumers attempted to reduce their own inventories, they cut their purchases from warehouses, as well as their mill buying.

However, it is becoming more evident day by day that this situation is reversing itself. Consumers' stocks have been reduced to levels which are in line with their own production. Already steel users are turning to warehouses for their spot needs and for their specialty requirements. This trend will continue and strengthen. Just as in the case of mill suppliers, as consumers' inventory reduction programs are completed, steel purchases from warehouses will increase.

And now in conclusion, let me sum up. It is my belief that next year will be a period of over-all business stability, at approximately the current level. But there should be less uncertainty and more confidence among businessmen than during 1954. Declining business conditions naturally cause jitters even among the most stout-hearted. Now, however, we know what to expect. Things are seldom as bad when they really come to pass, as when one is waiting for them to happen. Stability at reasonably high levels and success in meeting competitive conditions both tend to create confidence.

We are now at the point where sound and realistic planning, proper merchandising, and aggressive selling can bring their greatest rewards. If we keep our business house in order, and continue to enjoy the benefits of a government dedicated to free enterprise, there is no reason why most businesses should not enjoy business success and profits at current levels, and be ready to take full advantage of the next great upsurge in the growing American economy.

In a dynamic country such as ours, this time cannot be far away.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

The Canadian Bank of Commerce announced on Oct. 13 the appointment of John Pogue as head of the Bank's Agency in **New York City**, to succeed E. H. Mitchell, who has retired. Mr. Pogue assumes his present position as Agent after serving for the past six years as Vice-President of the **Canadian Bank of Commerce** (California), in **Los Angeles.** Prior thereto he was Assistant Manager of the bank's main office in Toronto. He has been connected with the bank since 1916.

* * *

Consolidation of the staffs of **Chemical Bank & Trust Company** and **Corn Exchange Bank Trust Company** of New York was announced on Oct. 18 coincident with the merger of these banks under the name of **Chemical Corn Exchange Bank.** Continuing in the same capacity which they have been occupying at Chemical Bank are: N. Baxter Jackson, Chairman; Harold H. Helm, President, and Isaac B. Grainger and Gilbert H. Perkins, Executive Vice-Presidents. John R. McWilliam, who was President of Corn Exchange Bank, becomes Vice-Chairman of Chemical Corn Exchange Bank, and E. Herrick Low, First Vice-President of Corn Exchange, becomes an Executive Vice-President. Dunham B. Sherer, Chairman of Corn Exchange, has been elected a director and consultant to the board and senior officers.

At special meetings held on Oct. 14 stockholders of both institutions authorized the merger of **Corn Exchange Bank Trust Company** into **Chemical Bank & Trust Company.** In a joint statement following the Oct. 14 meetings, N. Baxter Jackson, Chairman of Chemical Bank, and Dunham B. Sherer, Chairman of Corn Exchange Bank, announced that the merger would become effective at the opening of business on Oct. 25. With the effective date moved forward, however, the merger as noted above became operative on Oct. 18 with the business being conducted under the name of **Chemical Corn Exchange Bank.** With 81.07% of Chemical Bank stock and 75.72% of Corn Exchange Bank stock represented at the Oct. 14 meetings, the merger was authorized by 79.94% and 75.33%, respectively, of the outstanding shares. Both Mr. Jackson and Mr. Sherer noted at their meetings that both customers and stockholders of the merging baaks will benefit from the integration of the facilities, resources and experience which have been developed during a span of more than a century. Mr. Jackson, who has seen Chemical's resources grow from $181 million in 1920 when he joined the bank as Assistant Cashier, to approximately $2 billion today, expressed confidence that the bank's continued growth will be accelerated as a result of the extensive branch office system created by the merger. Based on published statements of condition as of Sept. 30, 1954, combined deposits of the two banks totaled more than $2.5 billion and resources aggregated more than $2.8 billion.

At Chemical's meeting on Oct. 14 Chairman Jackson displayed a large exhibit showing the 98 "convenient" offices of the merging banks on a huge aerial map of Greater New York, pinpointing correspondent bank locations throughout on a map of the United States, and listing a total of more than 5,000 correspondent banks and their branches around a global map of the world.

The merger to which reference was made in our issue of Sept. 2, page 882, will elevate Chemical from 10th to sixth place among the nation's leading banks. Mr. Jackson announced that the following five directors of Corn Exchange Bank Trust Company will become members of the board of Chemical Corn Exchange Bank: Robert A. Drysdale, Senior Partner, Drysdale & Company, stockbrokers; John R. McWilliam, President, Corn Exchange Bank Trust Company; Dunham B. Sherer, Chairman, Corn Exchange Bank Trust Company; Willard A. Kiggins, Jr., President, A. H. Bull Steamship Company, and C. Walter Nichols, Chairman, Nichols Engineering & Research Corporation.

* * *

THE CORPORATION TRUST COMPANY, NEW YORK

	Oct. 7,'54	June 30,'54
Total resources	$2,562,052	$2,131,651
Deposits	239,803	118,364
Cash and due from banks	1,097,029	709,544
U. S. Govt. security holdings	431,358	431,370
Undivided profits	382,078	324,152

* * *

UNDERWRITERS TRUST CO., NEW YORK

	Oct. 7,'54	June 30,'54
Total resources	$43,695,251	$42,613,164
Deposits	40,097,534	39,145,861
Cash and due from banks	8,597,166	9,756,110
U. S. Govt. security holdings	15,940,094	15,288,802
Loans & discounts	17,304,339	15,248,623
Undivided profits	1,311,692	1,236,894

* * *

A stock dividend of 20%, payable Nov. 1 to stockholders of record on Oct. 27, was declared by the board of directors of the **Federation Bank and Trust Co., of New York** it was announced on Oct. 14 by Thomas J. Shanahan, President. The dividend gives each stockholder one share of stock free for each five shares held. The directors also approved the sale of an additional 50,000 shares of stock at $20 a share pro rata to stockholders of the same record date. The offering, which will close Dec. 1, entitles each stockholder to subscribe to one share of additional stock for each four shares held. The action of the directors immediately followed a vote by stockholders raising the bank's capital stock from $2,000,000 to $2,900,000, an increase of 90,000 shares. Stock warrants will be mailed on Nov. 1.

* * *

Mrs. Ruby L. Walters has been appointed an Assistant Secretary of **Manufacturers Trust Company, of New York,** it was announced on Oct. 18 by Horace C. Flanigan, President. Advancement of Mrs. Walters to an officership brings the total number of women officers of Manufacturers Trust to 19.

Mrs. Walters has been secretary to President Flanigan since Oct. 1, 1950. Prior to joining the staff of Manufacturers Trust Company on Nov. 1, 1948, as secretary to the late Harvey D. Gibson, then President of the company, Mrs. Walters had been a member of the staff of the **Los Angeles** headquarters of the **Bank of America National Trust and Savings Association** for seven years. During the last four years of this period she was secretary to A. J. Gock, Chairman of the Board of Directors of that institution. Mrs. Walters will serve in an executive capacity at the new Fifth Avenue Office of Manufacturers Trust Company, which on Oct. 4, last moved to a new building at Fifth Avenue and 43rd Street.

The appointment of Adolph J. Buschmann, Jr., Joseph N. Veit, and Frank J. Zajan as members of the East Brooklyn Advisory Board of Manufacturers Trust Company was also announced on Oct. 19 by Horace C. Flanigan, President of the Trust Company.

The East Brooklyn Advisory Board was formed in June of this year and works in conjunction with four of the Bank's offices in the eastern portion of Brooklyn.

* * *

Arthur S. Kleeman, President of the **Colonial Trust Company, of New York,** has announced the appointment of Anthony Nicoletti as Assistant Secretary and Assistant Treasurer. Mr. Nicoletti is in charge of the bank's centralized bookkeeping operation.

* * *

Sterling National Bank and Trust Company of New York announced on Sept. 18 the election of Philip L. Glass as Vice-President. He is a member of the board of directors of the **New York Credit & Financial Management Association,** and was formerly a Vice-President and loaning officer of **The Public National Bank and Trust Co. of New York.** He will be located in Sterling's 42nd Street and Lexington Avenue office.

* * *

Dr. Antonio Pisani, recently elected "Outstanding General Practioner of the Year" by the Medical Society of the State of New York, died on Oct. 14 at St. Vincent's Hospital, New York. On Sept. 9, 1954 Dr. Pisani was honored for completion of 50 years as a trustee of the **Italian Savings Bank** and **East River Savings Bank,** both of New York City. Dr. Pisani was keenly desirous of suitable educational opportunities for the children of Italian immigrants, and gave unstintingly of his time and counsel in public and educational activities. A member of the local School Board No. 1 from the date of the consolidation of the City of New York, he served as a Commissioner of the Board of Education from 1909 to 1917. He was President of the Italian Educational League, and active in the Council of Adult Education. In 1913 Victor Emanuel III, King of Italy, conferred upon him the title of Chevalier of the Crown of Italy, in recognition of his loyal service to his fellow Italo-Americans. The Doctor was a graduate of the College of Pharmacy of the City of New York and the College of Physicians and Surgeons, Columbia University.

* * *

We are advised that after all the legal channels are cleared, the name of **The Westchester Bank & Trust Company of White Plains, N. Y.** will be changed to **"National Bank of Westchester"** as of Oct. 29. This bank will open for business on Nov. 1, 1954, under its new name.

* * *

The Hayes National Bank of Clinton, N. Y. reports an increase in its caiptal of $75,000 as a result of a stock dividend of that amount, bringing the capital up to $150,000 on Aug. 31 as compared with $75,000 previously.

* * *

The Morristown Trust Company of Morristown, N. J. plans to increase its capital funds by $40,000 through payment of a year-end dividend in stock. Similar action was taken last December. The present proposal would raise the bank's capital stock from $920,000 to $960,000 and may be followed by like action next year when the capital stock would reach $1,000,000. According to a letter mailed to its stockholders, the bank plans to increase the number of its shares outstanding by 2,000 this December through payment of a stock dividend of one share for each 23 held. Par value would

Continued on page 20

This announcement appears for purposes of record only. These shares have not been and are not being offered to the public.

Not a new issue

194,590 Shares

The Bristol Company

Common Stock

($25 par value)

The sale of the above shares privately has been negotiated by the undersigned.

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October 19, 1954

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Consumer Credit Needed For Expanding Markets

By ROBERT R. DOCKSON*
Head, Department of Marketing
University of Southern California

Prof. Dockson, stressing forces which increase the nation's capacity to produce, points out that in order to provide expanding markets for increased production, consumer credit will be needed in future as in the past. Makes estimates of rise in future consumer credit and concludes consumer debt is nothing to fear or to shun away from, for without it our markets will contract and our living standards will drop.

The title of the subject assigned to me for my part in this credit conference, "Consumer Credit in an Expanding Market" immediately raises several questions that might serve as an outline for our discussion. The first question we should attempt to answer is whether or not we are in an expanding market. If we are, we should be concerned with how long the expansion is likely to continue as well as the heights we might look forward to attaining. If satisfactory answers can be given to these fundamental questions, we can then turn our attention to a few of the problems relating to the more pertinent part of today's topic—consumer credit. It is here that we might examine the possible relationship between the future level of economic activity and credit. The question of the adequacy of the formulas we employ to identify the danger point of consumer credit will be raised and then, a forecast for the years ahead.

Robert R. Dockson

At the outset, I would like to make one point very clear. In my opinion the American free enterprise system has not, as yet, demonstrated that the business cycle is a phenomenon that American business needs no longer fear. It is true we now possess a number of built-in stabilizers and we have developed a theory of control that might well serve as a dose of preventive medicine if and when it becomes necessary to fill a prescription. As yet, I do not believe that either the stabilizers or our theory has been put to a significant test. Our economy has not had an opportunity to perform in a peaceful world during the postwar years. Perhaps it never will again but we must continue to bear in mind that a large proportion of our total production never enters our private markets because it is still being directed into military channels. The real test of the stabilizers and our theory will come when and if this production is free for goods and services that can be pumped into our commercial channels of distribution. Whatever we do we must avoid complacency concerning our ability to prevent a serious downturn in economic activity and we should make plans to cope with all kinds of contingencies. This note of concern is offered at this time because I am afraid you will consider me a rather wild optimist before this meeting is adjourned.

*An address by Prof. Dockson before the National Consumer Credit Conference, Los Angeles, Cal., Oct. 8, 1954.

Factors in Nation's Capacity to Produce

In order to have some idea of this nation's future capacity to produce, I have developed a couple of economic models covering each of the next 16 years. One of my models has been constructed on the assumption that we are likely to have full employment with a "frictional" unemployment of approximately four million by 1970 while the other model assumes an unemployment level of approximately 8% or over 6½ million people by 1970. Although no one can be certain what would be politically "tolerable," it was assumed that anything in excess of 8% of our labor force unemployed would bring us close to what the Joint Economic Report of the Congress has termed dangerous and unacceptable. Each of the models was designed to take into account the interrelationships of six broad economic variables: *the population, the size of the labor force, employment, unemployment, productivity and the average work week.* It is impossible to reveal in any great detail at this meeting all of the steps taken to arrive at my conclusions. It will have to suffice to point out that the conditions of employment just mentioned were accepted as the controlling variables and thus determined the range within which theoretical levels of our aggregate production would occur. After taking into account the trend found in each of the six economic factors affecting the size of our markets the estimates for 1970 were first made and then estimates were undertaken for each of the intervening years.

In order to appease the person concerned with world conditions, it is necessary to make certain assumptions regarding the international situation. Since this situation is so questionable, I simply exclude the possibility of a sudden and drastic curtailment of our armament program as well as the possibility of mounting international tensions which will require a stepped-up program of national defense expenditures. Therefore, my assumption regarding defense spending is that our present efforts toward preparedness will continue for several years. Any change in this important external variable will, of course, alter my conclusions relating to the future level of our total national expenditures.

Even though an attempt was made to employ conservatism throughout the analysis, the results of the research unmistakably pointed to an upward trend. This year the total value of all the newly produced goods and services will range somewhere between $354 and $357 billion, down 2 to 3% from the $365 billion of last year. By 1960 the level of our business activity when measured in statistics comparable to the current ones, will range between $415 and $422 billion, by 1965 my crystal ball foretells a level between $480 and $500 billion, and by the end of 1970, 16 years from now, we can anticipate a level of spending ranging from $595 to $629 billion.

These estimates of the future level of business represent an opportunity for a substantial advance in our living standards. On a per capita basis our production will increase approximately $800 by 1970 in terms of real goods or services. After making an allowance for the share of production that flows to government and business, this means that on the average each family unit in the United States can have available before taxes, approximately $2,000 to $2,600 more than it does at present. Converted into real terms it means that each family could possess an additional automobile, a kitchen full of new appliances, an additional room on the present house, a small cabin in the mountains, or some combination of real goods equivalent to this predicted increase in dollar income. If our markets are expanded as much as is indicated, the impact upon consumer credit will be substantial. In fact, consumer credit is one of the instruments that will have to be used freely if our markets are to expand as much as I have indicated.

Why Consumer Credit Is Needed

I would like to take a moment to offer a word of explanation of this. Total spending determines the level of our aggregate markets or output and in turn, is the determinant of total income. Spending is carried on principally by governments, businesses, and consumers. If a reduction in spending occurs in any one of these categories, it must be offset by an increase in one or both of the other two if total production is to remain the same or increase. The interrelationships between the various types of expenditures are extremely complex but if, for the purpose of illustration, we assume no change in the expenditure of government and business, spending by consumers will have to increase if aggregate production is to move forward. This raises the question as to how consumers can increase their outlays. The usual answer is that consumers must increase their productivity. This answer would be quite adequate if for any given period of time, all consumers spent all of their income to purchase goods and services. Actually all consumers do not spend all of their income. Many, particularly those in the higher income brackets, prefer to direct a share of their funds into liquid assets of one type or another. Under the assumptions I have made, an outlet for the unspent income is necessary if the aggregate level of our markets is to be raised. One of the most important outlets is consumer borrowing. For the past few years, such borrowing has been an integral part of the flow of purchasing power. Without it, it is difficult to believe that the high level of consumer buying could have been maintained. It amounts to a transfer of funds from those who possess a propensity to save to those who are desirous to spend and is the only way that consumer expenditures can approximate aggregate consumer income. This reasoning leads to the conclusion that if we are to experience a period of expansion in our markets, we must anticipate a period of further expansion in consumer credit.

Some analysts point to various ratios to prove consumers have already overextended themselves while others select another set of ratios to prove the plausibility of consumers going still further into debt. I believe specific standards of the traditional type are inadequate as indicators of whether or not the absolute level of aggregate consumer debt has reached the danger point. The historical relationships of consumer debt to such aggregate data as *disposable income, discretionary income, net worth, liquid assets, total income* or *total production* cannot be used with any degree of accuracy to explain the present levels or to predict the future levels of consumer credit.

There are significant weaknesses in each of the numerous ratios employed as norms for the level of consumer debt but we cannot explore them all at this meeting. Instead, we might list eight of the major factors that will affect the level of consumer credit over the next 16 years.

The data that have come out of the studies on consumer finance conducted by the Federal Reserve System show that the distribution of income, for example, will have a greater influence on consumer debt than will the aggregate level of income.

In early 1954 about 55% of our families owed some short and intermediate term consumer debt while the other 45% owed none. The data reveal that a greater percentage of the families in the upper income bracket possess debt in excess of $500 than in the lower income groups. For example, 7% of the families with an income of less than $2,000 had, last year, a debt of $500 or more, while 34% of the families with an income ranging from $5,000 to $7,500 had a debt in excess of $500. These statistics lead to the conclusion that aggregate income could rise and we might or we might not have a change in the amount of consumer debt outstanding. What would occur would depend partially upon the way the increase in income is distributed throughout the various income groups.

What Consumer Credit Represents

It seems rather important for us to realize that every dollar of consumer debt represents an extension of credit to a household or to an individual. If all the factors of production are not employed, then the only issue from the lender's side is whether or not the individual loan is sound. If all the individual loans extended under conditions of less than full employment are sound then they will be sound in the aggregate. If the economy is operating at a level of full employment any expansion of consumer credit regardless of the soundness of the individual loan, will increase money income in the aggregate but not real income. The result would be inflationary and, thus, an increase in prices could be anticipated.

The *attitude* of consumers is a third factor affecting the amount of consumer credit extended for any given period of time. Again, the Federal Reserve Board's Surveys of Consumer Finances serve as a guide. Whenever the consumer has expressed a belief that he is worse off currently than he was a year earlier, his purchases of durable goods and his use of instalment credit have declined. Before the consumer is willing to assume additional instalment credit responsibilities, he wants to feel optimistic with regard to his financial position and outlook. As the years go by the consumer has changed his attitude toward credit and as it continues to change, the demand for such credit will also change. Many persons who would not have purchased anything on credit a few years ago are quite willing to use this medium of payment currently. Thus, attitudes play a significant role.

The amount of liquid assets held in the aggregate also will have an effect upon the amount of consumer credit extended. Commercial banks, the holders of the majority of liquid assets, are the

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most important source of instalment credit and as long as the demands for funds for other uses are not pressing, they will seek, on a competitive basis, instalment credit outlets.

Forces Influencing Demand for Consumer Credit

Because the greatest share of instalment credit is extended for the purpose of purchasing consumer durable goods, the stock of such goods held by consumers is the fifth factor I would like to mention as influencing the demand for credit. As the stock of such goods increases, there will be a tendency for demand to slacken and, thus, a fall in the demand for consumer credit. During the postwar years, there has been a tremendous increase in the supply of consumer durables and most of the backlog in demand has been met. To the extent that this is true, there will be a tendency for credit to be limited by, first, the amount of durables necessary to maintain the present stock, and second, the amount required to accommodate the growth in marriages, households, births, the shift in desires, etc.

The demand for consumer credit is also influenced by the number of spending units that move into the higher income brackets. The changing importance of different sources of income has played a significant role in influencing the incomes of the spending units and, thus, it has had an effect upon the income bracket in which the unit is placed. Wages and salaries have risen at a much faster rate than has property income. As a result, a larger proportion of our total population has moved into what might be considered the middle income brackets. In 1946 for instance, 31% of the spending units of the United States were in the income bracket ranging from $3,000 to $7,500. By 1953, 53% of our spending units had moved into that bracket. Since it is the spending units in this bracket that are the source of the majority of consumer borrowing, an increase in the number paves the way for an increase in consumer debt.

Indirectly, the prices charged for goods and services will also affect the demand for consumer credit. If prices seem too high to the consumer he will be reluctant to purchase durables regardless of the credit terms offered. This reluctancy, if it is sufficiently strong, will be met by lower prices and an increase in the demand for consumer credit will follow.

The terms of credit offered by the lending institutions is the eighth factor influencing the demand for credit. We have learned, for example, that effective demand for new houses can be turned on and off like a spigot depending upon the terms of credit. When high interest rates, large down payments, and large monthly payments are asked, many potential purchasers are taken out of the market. When these terms are reversed, new purchasers enter and the demand for consumer credit soars.

These eight major factors affecting credit either directly or indirectly should be sufficient for us to realize there isn't any single ratio or norm that can be employed to determine the adequacy or inadequacy of the level of total consumer credit.

To worry about the absolute level of total consumer credit without taking into account the aggregate level of our markets is similar to passing judgment upon a university after observing the performance of one professor in a single classroom. Consumer credit is only one of the instruments we have available to make the entire economy function. Its performance should be evaluated in the light of what is happening to the overall picture.

The Employment Act of 1946 set up "full employment" as one of the desired goals of our economy. If we are successful in our efforts to keep employed all of our resources then the predictions I offered in the beginning of this talk regarding the future level of our aggregate markets are not out of line. If the markets expand, consumer credit will also expand. This is not to say that such credit will expand at a constant rate. It will pass through short-term cycles when repayments will exceed extensions as our overall activity fluctuates and as the role of the different types of purchasers of our production shift in their relative importance. However, if we adhere to our objective of maintaining "full employment" and use the tools with which we are acquainted the secular trend of aggregate consumer credit will be upward.

Just how much we might expect consumer credit to rise as our markets expand, is an extremely difficult question to answer with any degree of assurance. All of the various factors play a role, and it is the interplay of them all that produces the final answer. At the end of July of this year, total outstanding short and intermediate term consumer credit amounted to $27.8 billion. If the trends that are working in each of the factors mentioned continue and if we are able to attain the production levels I predicted earlier in this talk, we might well anticipate a level of consumer credit ranging from $32 billion to $35 billion by 1960, one of $43 billion to $47 billion by 1965, and one of $60 billion to $63 billion by 1970. These figures may be startling to some of you. They are, of course, only estimates to emphasize the direction consumer credit will take if we are able to live up to our objectives as outlined by our own Congress. Consumer credit or debt, depending upon the way you look at it, is nothing to fear nor is it anything to shy away from. The task ahead is to use it as intelligently as we can in order to make it serve us. Without it, our markets will contract and our living standards will drop.

Daniel Weston Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Herman B. Rothbard has been added to the staff of Daniel D. Weston & Co., 118 South Beverly Drive.

Greenwald Co. To Admit New Partner

Greenwald & Co., 1441 Broadway, New York City, members of the New York Stock Exchange, on Nov. 1 will admit Louis L. Maltz to partnership. Mr. Maltz in the past was associated with Zuckerman, Smith & Co.

Now With Shillinglaw, Bolger

(Special to The Financial Chronicle)

CHICAGO, Ill. — George E. Wright has become associated with Shillinglaw, Bolger & Co., 120 South La Salle Street. Mr. Wright has been in the investment business in Chicago for many years, recently with Ames, Emerich & Co. and Dempsey & Company.

To Serve You Better

Two time-honored names in banking have become one . . .

CHEMICAL CORN EXCHANGE BANK

. . . now that the merger of Chemical Bank & Trust Company and Corn Exchange Bank Trust Company has been consummated.

For more than a century each of these institutions has been identified closely with the economic growth of the nation and the development of New York as the world's most important financial center.

No two banks could better complement each other. Their merger creates a branch banking system of 98 offices conveniently located in all five boroughs of New York City, with capital funds of more than $187 million and resources of $2.9 billion.

We value highly the many thousands of customers who have grown steadily closer to us over the years. To these old friends and new ones we now offer expanded facilities – and, with a larger staff, we shall continue the high standards of service which have characterized Chemical Bank since 1824 and Corn Exchange Bank since 1853.

Whether you bank primarily for business purposes or personal convenience, whether you are engaged in world trade or in conserving the assets of an estate, whether you need a large business loan or a small personal loan – you will find what you seek through any office of Chemical Corn Exchange Bank.

. . . . . *Condensed Statement of Condition* . . . . .

At the close of business October 15, 1954

ASSETS

Cash and Due from Banks	$ 730,304,475.33
U. S. Government Obligations	847,909,130.64
State, Municipal and Public Securities	308,293,939.22
Other Bonds and Investments	8,298,414.36
Loans	938,882,934.14
Banking Houses Owned	9,081,956.35
Customers' Liability on Acceptances	43,688,728.16
Accrued Interest and Accounts Receivable	8,035,219.16
Other Assets	5,874,701.38
	$2,900,369,498.74

LIABILITIES

Capital Stock	$ 42,940,000.00
Surplus	127,060,000.00
Undivided Profits	17,697,685.16
	$ 187,697,685.16
Reserve for Contingencies	7,593,251.22
Reserves for Taxes, Expenses, etc.	10,526,783.49
Acceptances Outstanding (Net)	48,229,429.20
Other Liabilities	3,882,446.76
Deposits	2,642,439,902.91
	$2,900,369,498.74

Securities carried at $252,809,650.55 in the foregoing statement are deposited to secure public funds and for other purposes required by law.

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Was Columbus the First Man to Discover America?

By WINIFRED TICKNER and ALEXANDER WILSON*

The writers of this article endeavor to correct the impression that Christopher Columbus was the sole discoverer of America and advance much interesting data to persuade readers of the "Chronicle" that Leif Ericsson and the Norsemen from Sweden, Norway and Denmark antedated Columbus by 492 years with explorations of Vineland (Labrador), Greenland and Iceland and coastal expeditions as far south as Virginia. To right a wrong and in fairness to Leif Ericsson, the authors think that Columbus Day should be renamed, and called Columbus-Ericsson Day.

Who was the first man to discover America—by that we mean either North America or South America?


Winifred Tickner   Alexander Wilson

The school history books which we studied in the little red school house by the side of the road credit Christopher Columbus, the Italian, on Oct. 12, 1492 with that honor and this country commemorates his memory annually with a holiday every Oct. 12.

But is that authentically so, when as a matter of fact we are told that a Scandinavian, one Leif Ericsson, discovered America 492 years before Columbus landed at San Salvador on Oct. 12, 1492. Leif Ericsson made his discovery in the year 1000 A. D., landing at Labrador, the mainland of North America, then known as Vineland.

Columbus' 1st, 2nd and 3rd Voyages—Lands on One of the Bahama Islands Not the Mainland

After nearly 10 weeks sailing the high seas with his three ships Columbus landed at San Salvador—an island in the Bahamas, West Indies; but when he left Spain in 1492 Columbus did not know where he was going; when he arrived in America he did not know where he was and when he returned home to Spain he did not know where he had been.

From San Salvador on his first voyage, Columbus sailed southward, discovering a number of islands including Cuba and Haiti. On his second voyage he returned to Haiti, explored Jamaica and other islands. His third voyage was made in 1498 resulting in the discovery of the mainland of South America near the mouth of the Orinoco River, a river located on the northeast coast of South America, when Columbus at last thought that he had reached the continent of Asia. His fourth and last voyage in 1502 took him to the coast of Central America.

Columbus Died Without Knowing Where He Had Been

Columbus died May 20, 1506, a few years after his last voyage, ignorant of the fact that his explorations had taken him to the portals of a new hemisphere, a new world wherein the United States was destined to become the leading, most powerful and wealthiest nation of the world less than 500 years later.

*Mrs. Tickner, a young American housewife, is the mother of four children. Mr. Wilson is a writer on political and international problems.

Where America Gets Its Name

"America" received its name from Americus Vespucius who made a voyage to the coast of South America in 1499 and it was bestowed on the Western Continent by a German geographer who published a book which contained some letters written by Vespucius giving an account of his discoveries.

School Histories Do Not Emphasize Ericsson's Discovery of America

The object of this article is to point out that Columbus gets full credit and all the glory for discovering America because this is taught in many school history books without qualification while the Scandinavian Leif Ericsson's name is hardly mentioned except in a legendary or secondary manner.

Varying conjectures have fixed upon Nova Scotia or New England or even upon Virginia, as the scene of the earliest visits of Norsemen to our coast. It should be stated that the oldest Parliamentary government in the world originated in Iceland and it should also be noted that Greenland is to this day a possession of the Danes and Iceland was a possession of Denmark until it became a Republic in 1943.

Scholars have discussed this mooted question without causing credit to be accorded to Leif Ericsson to whom credit is due as the first man who discovered America.

No stress was made in the history books which we studied in school to show that Leif Ericsson preceded Columbus by 492 years. But all the honor and glamour is accorded to Columbus, Queen Isabella and King Ferdinand of Spain who fitted out Columbus' expedition.

Comparison of Columbus' and Ericsson's Explorations

In comparison with Columbus' discovery of America in 1492, it is contended by some writers on Scandinavian history (for instance Edward E. Gray) that the Norsemen came from Iceland to discover and settle in Greenland as far back as the year 883 A. D.

Iceland was settled by the Norwegians from 874 to 930 A. D. and according to Scandinavian annals became subject to Norway in 1262. This historian also states that Leif Ericsson sailed for Vineland (Labrador) in the year 1003 A. D.

A Saga of Columbus' Discovery

Quoting a popular "School History of the United States," we find the following interesting historical narrative:

"Columbus had not the least idea when he sailed on this voyage (from Palos, a seaport town in Spain, Aug. 3, 1492) that there was such a continent as America. He did not start with the thought of finding a new world. The discovery of America was an accident. The design with which he did sail was to find a passage by sea from Europe to Eastern Asia, called India.

"Columbus wished to find a passage by sea to India because the traders of Italy, who carried a great deal of commerce with India, were obliged to go from Europe by the Mediterranean, the Red Sea, and then overland, by caravans, which was a very troublesome and expensive way of carrying their goods. A cheaper and easier route was very much wanted.

"It may be asked why they did not sail around Africa, and reach India in that way. The reason was because at that time no vessel had ever passed around the Cape of Good Hope, the shape of Africa was not then known, and people were not aware that it was possible to go from Europe to India by water. Geography as it was known four hundred years ago knew nothing whatever of North and South America or of Australia.

". . . Of Africa—all that was known was a narrow strip along its northern border.

". . . Of Eastern Asia — then called India and Cathay — was practically unknown to Europeans.

"Columbus who had been a sailor from boyhood, became convinced with many other contemporaries, when he was about 40 years old, that the common notion that the earth was flat was false. Columbus believed the earth was a globe and that by sailing westward from Europe across the Atlantic, he would come around to Eastern Asia."

Leif Ericsson Precedes Columbus by 492 Years

Of the Scandinavian, Leif Ericsson, it should be recorded in this article that in the year 1000 A. D. King Olaf Tryggvason of Norway sent Leif Ericcson to Greenland to proclaim Christianity. On this voyage Ericsson "found Vineland or Labrador." The Norse people who were the ancestors of the Swedes, Danes and Norwegians of the present day, were in closer geographical proximity by sea to Greenland, Iceland and the Northern shores of North America than the Spanish, English or Italian explorers.

Notwithstanding Leif Ericsson's earlier voyage to the mainland of North America in the year 1000 A. D., the school history which we studied states that the "Discovery of the New World was made in 1492 by Columbus, to whom alone belongs the glory." That it was called "America" without any intention of wronging Columbus, that North America was first seen by the Cabots (John and his son Sebastian) who sailed under the flag of England, June 24, 1497 and probably about the same time by Pinzon and Americus sailing under the flag of Spain.

In fairness to Leif Ericsson, the Scandinavian should be proclaimed as the first man who discovered America 492 years before the Italian. It would then be within reason to designate Oct. 12 as Columbus-Ericsson day. Honor to whom honor is due.

With Barclay Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Arthur C. Keene has become associated with Barclay Investment Co., 39 South La Salle Street. He was formerly with Link, Gorman, Peck & Co. and Cruttenden & Co.

With Reynolds & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Thomas G. Meers has become connected with Reynolds & Co., 39 South La Salle Street. He was formerly with Hornblower & Weeks.

Joins Fred D. Blake

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—William L. Bagnard has become affiliated with Fred D. Blake & Co., 215 West Sixth Street. He was previously with Gross, Rogers, Barbour, Smith & Co.

Our Reporter's Report

Institutional buyers remain balky about breaking through the 3% yield level when it comes to looking over new security offerings. Their reluctance on that score has cropped up time and again when bankers have taken on new material to retail at prices cutting the yield below that magic figure.

That sentiment has not undergone any marked change in recent weeks became evident when underwriters taking down New York Telephone Co.'s triple A rated, 35-year refunding mortgage bonds, repriced the issue for public offering to return a yield of about 2.95%.

Initial response on the part of potential buyers was slow to say the least. And sponsoring bankers were sitting back hoping that one of the large institutions which handles some of the major pension funds, would break the ice and come into the market.

It was the consensus that only such a development appeared necessary to touch off a considerable strong latent demand for the issue. Meantime bankers faced the prospect of sitting with the bonds until buyers developed a more receptive mood.

They had some reassurance from the fact that recent offerings appear to be clearing up, although the picture may not be quite as rosy as indicated by the recurrent announcement of the closing of the books on this issue or that.

Still Bonds Around

Although the general market situation in new issues has been improving and is considerably better than it was a fortnight ago, observers say it is still possible to obtain new issues brought out recently without paying a premium above the offering price.

The consensus seems to be that dealers have been taking down their allotments in given deals for the purpose of having some inventory on hand. In short they have been "cleaning" the pot.

But traders report you can still pick up such issues as Wisconsin Power & Light, Dayton Power & Light and Texas Power & Light, all of recent vintage, at the offering quotations.

Continental Oil Issue

Next week will bring one of the largest industrial offerings in recent months, Continental Oil Co.'s $100,000,000 of 30-year, sinking fund debentures.

A negotiated undertaking, early reports indicate that inquiry for this large offering will prove decidedly satisfactory if the pricing is in line with investors' ideas.

Proceeds will be used in part to retire an outstanding total of $45,000,000 in notes due to banks with the balance to be applied to exploration and development programs of the company.

Consolidated Edison Plans

Recent disclosure that Consolidated Edison Co. has arranged a $75,000,000 credit with a group of banks to run until next October indicates that the company is determined to delay any term financing until the market situation is to its liking.

Last April the big utility filed an issue of $50,000,000 of first and refunding bonds with the Securities and Exchange Commission. It originally called for bids early in May but when the market ebbed away for a spell decided to postpone the operation.

Since it has not seen fit to set a new date, the indications are that the above mentioned temporary financing is designed to tide it over until term financing is possible in keeping with its market ideas.

Kidder, Peabody Group Underwrite Peerless Casualty Co. Offering

Peerless Casualty Co. is today (Oct. 21) offering stockholders rights to subscribe for 170,000 shares of its common stock on the basis of one new share for each two shares held on Oct. 15, 1954. Subscription price for the new stock is $26 per share, and warrants expire at 3 p.m. (EST) on Nov. 2, 1954.

A group headed by Kidder, Peabody & Co. will purchase unsubscribed shares.

Proceeds from the issue will be added to the company's capital funds to enable it to carry on its expanded business.

Peerless Casualty, which has its home office in Keene, N. H., carries on a general casualty insurance, fire insurance and bonding business. It is qualified to write all types of insurance except life insurance.

The company owns over 70% of the common stock of United Life and Accident Insurance Co., Concord, N. H.

For the six months ended June 30, 1954 Peerless Casualty realized an underwriting profit of $317,706 on earned premiums of $5,102,594. Net profit for the six months after Federal income taxes was $373,647.

Chemical Corn Exch. Bank Formed by Merger

The Chemical Bank & Trust Company and Corn Exchange Bank Trust Company have completed their merger to form the Chemical Corn Exchange Bank. For more than a century each of the two institutions has been identified closely with the economic growth of the nation and the development of New York as the world's most important financial center. Their merger creates a branch banking system of 98 offices conveniently located in all five boroughs of New York City with capital funds of more than $187 million and resources of $2.9 billion.

Officers of Chemical Corn Exchange Bank are N. Baxter Jackson, Chairman; John R. McWilliam, Vice-Chairman; Harold H. Helm, President; Isaac B. Grainger, E. Herrick Low, Gilbert H. Perkins, Executive Vice-Presidents.

Bristol Common Stock Placed Privately

J. G. White & Co., Inc. has negotiated the private sale of 194,590 shares of common stock (par $25) of The Bristol Company. The proceeds do not accrue to the latter as this transaction does not represent new financing.

CORRECTION

In the "Financial Chronicle" of Oct. 14 it was reported that Frank J. Shaughnessy had become associated with Coffin & Burr, Inc. This was in error. Mr. Shaughnessy has recently become affiliated with Coburn & Middlebrook, Inc., 287 Park Avenue, Worcester, Mass.

Floyd Koster Opens

DENVER, Colo.—Floyd Koster is engaging in a securities business from offices in the Denver National Bank Building.

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Industrialization in the South And Prospects for Steel Industry

By L. S. HAMAKER*

General Manager of Sales
Republic Steel Corporation

After pointing out the recent rapid industrial development of the South, Mr. Hamaker predicts an upturn in the steel business during last quarter of 1954. Holds current business slump has already reached bottom and looks for steel business in 1955 to be more evenly distributed. Foresees a renewal of expanded capacity in the steel industry by 1960.

Anyone who will sit back and take a long look at the future of the American economy and particularly of the South will find some relief from the trials and tribulations of today. In fact the longer range outlook is so promising that today's problems seem trivial. I know how you have been harassed by imported steel in certain lines at prices no American product can meet, yet I believe this situation has passed its peak. The European steel industry, in the Western nations at least, is prospering. There is no longer the same compulsion for European mills to dump steel products in this country. While the billions in American aid were a vital factor in tiding Eurepean nations over the first post-war years, it now appears they are beginning to operate under their own power and it seems no longer true that when America sneezes Europe gets pneumonia.

L. S. Hamaker

The industrial development of the South in the past 15 years or so has been simply amazing and will continue at an accelerating rate as industries everywhere acquire a better understanding of the advantages the South has to offer. We are trying to adjust our southern operations to the change we see coming. You may have read in the papers recently that Republic purchased the inventory and equipment of the Follansbee Steel Company. We are going to move at least one of the continuous sheet mills to Gadsden, install a mill to provide hot-rolled coils for it and thus establish the nucleus for what may ultimately be a large and modern operation for the production of flat-rolled steel on continuous mills. This may induce manufacturers of certain sheet-consuming products, such as major household appliances for example, to take another look at establishing southern plants, a move they might have made long ago had a source of sheet steel in adequate widths been available. Certainly, the trend is toward more and larger industrial communities in the South—and more and larger stocks of steel in warehouses.

Along with the industrial revolution in the South has come a revolution in agriculture, away from the one or two crop economy of cotton and tobacco to meat, poultry and dairy products. Since 1920 farm income in the South has increased from $2 billion to more than $10 billion, and that is only the beginning. The South has great advantages in grass crops, the cheapest feed for animals, because you have good rainfall throughout the year and a longer growing season than other parts of the country. There is little question that southern beef cattle will eventually make it impossible for western range cattle to compete in the market, once grassland farming is properly exploited in this area. Incidentally, we have a very fine new movie on grass as a crop which is available to any of you. It contains virtually no advertising. Grass means animals and animals mean fence and we didn't think we had to belabor the point. Many of you people have relied directly or indirectly on southern agriculture for a large proportion of your business in the past and let me assure you that you have nothing but a more prosperous farm community to look forward to in the future, with steadily rising income and a higher standard of living and spending.

*From an address by Mr. Hamaker before the Southern District of the American Steel Warehouse Association, New Orleans, La., Oct. 2, 1954.

An Optimistic Outlook

I make no claim to being an expert on agriculture but we have them in Republic and the things they tell us make some of the political weeping and wailing over the plight of the poor farmer sound a little bit forced. The income of the American farmer, considered as a whole, is three times greater than 13 years ago. Since 1939 corn yields have jumped 50%—potato yields are double. Hens produce a third more eggs—cows a fifth more milk. In the past 13 years farm production has risen 40%, using 17% less labor. You may not realize that seven babies are being born in this country every minute of the day and night. By 1960 the population will be at least 175 million. In seven years every farmer in this country will have two more stomachs to feed. And when the great crop of war babies enters the marriage market in the early 1960's the figures get astronomical. Count nine seconds on your watch—another child is born. One hundred and fifty new American consumers have entered the world since I started to talk. The farmer has temporary troubles I admit. Some localities have suffered from droughts and surpluses and other things. But the long-range outlook for the American farmer is tremendous. He can't miss. He is already the largest single market in the United States and those of us who produce for him and sell to him will be stupid indeed if we fail to share in his growth.

On the industrial side, the South, though still in the early stages of its ultimate development, is nevertheless coming of age. No longer is it possible for a manufacturer from the North or anywhere else to move South and regain his financial health through lower wages and lower taxes. The wage differential between northern and southern workers has largely disappeared; in the steel industry it has disappeared completely. If lower taxes still prevail in spots, increasing industrialization will force them upward because of the increased public services of all kinds that industry demands.

The real magnets drawing industry south are the wealth of natural advantages that exist in this part of the country. Low cost power, an ample supply of cheap coal, but most of all an abundance of water. Water is becoming the limiting factor on further growth of many industrial cities in the North. The cities on the Great Lakes have nothing to worry about and all of them are experiencing steady industrial growth, but the inland cities, and there are many of them in New York, Pennsylvania, Ohio, Indiana and Illinois, are all having the alarming experience of a steadily falling underground water table which is automatically calling a halt on industrial expansion of many kinds.

Industry required tremendous quantities of water. It takes 65,000 gallons of water, for example to make a ton of steel, and while we put most of it back it must be available in the first place. Our Cleveland plant uses more water every day than is consumed for domestic purposes by the entire Cleveland metropolitan area of 1½ million people.

The South is liberally endowed with water. Rainfall runs from 31 inches in Texas to 55 inches in Louisiana, and in some sections 70 to 100 inches. The national average is 30 inches. Large undeveloped water reserves remain in all parts of the South and they will prove increasingly attractive to industry as the situation in northern industrial states becomes more acute. What this twin development of industry and agriculture will mean to you people who are equipped to serve both of them I leave to your imagination and I don't think it requires much vision to establish your place in the picture. Bureau of Census figures show, for example, that while the volume enjoyed by steel distributors nationwide, rose 3.5% in 1953, in the South Atlantic States the gain was 19.5%.

As to the outlook for the whole economy, we are optimistic. Our economists think the slump we have been wrestling with for the past year or more definitely bottomed out this past summer and the moderate upturn we will enjoy this fall is not a seasonal flurry but a genuine change in direction. In Republic, and I suppose in most large corporations, our treasury people require us to maintain a six-year running sales forecast, so they can plan for the raw materials and other developments needed as well as consider expansion of capacity and estimate their requirements for working capital in advance of the actual need. This forecast is made with great care and in great detail. We study the outlook for each major steel-consuming industry, automotive, agriculture, railroads, building, petroleum and many others to arrive at the probable total consumption of steel in any given year. We know what our percentage of the total is or should be and we can thus predict Republic's probable rate of operation.

Steel Industry in 1955

Our studies show that while 1955 may be only a slightly better year than 1954 in terms of total steel produced, the business will be much more evenly distributed over the year. We will likewise not have the tremendous load of steel inventory overhanging the maket, as has been the case during the past 15 months. We estimate that steel consumption will exceed steel production this year by at least 4 million tons, the difference coming out of inventory. Fortunately for us, inventories don't last forever.

After 1955 the trend is steadily upward through the rest of the 1950's and it is our belief that by 1960 the steel industry may very well be considering plans for still further expansion. The first half of the sixties will be a period of tremendous business by our calculations with total volume reaching heights we have never before approached. Even the nearby outlook contains plenty of grounds for optimism. Consumer disposable income after taxes is only two or three percentage points below last year's record high. One group of economists who advise with us regularly predicts that consumer spending will reach an all-time high sometime during the nine-month period beginning today. If it does, none of us will have too much to worry about by this time next year.

The warehouse business and the steel business are much alike in that they reflect the general state of economic health rather than influencing it very much. The signs of an upturn are unmistakable and all we have to do is keep ourselves in readiness to deal with the increased business when it comes, next month, next year and in the big years beyond.

You and I both spend entirely too much of our valuable time worrying about how someone connived a lower truck rate on nails or some equally profound problem. Don't let these little annoyances of a competitive period obscure your vision of the big developments just over the horizon, particularly big here in the South. Lift up your chin and take a longer look at things a little farther away. A little thinking and dreaming and mental planning for this future is like a breath of fresh air. It makes you glad to be alive in a time when the most productive nation on earth stands on the threshold of one of its greatest eras of development.

Bond Club of N. Y. To Hear Sen. Smith

United States Senator H. Alexander Smith, (R.-N. J.), will address The Bond Club of New York at a luncheon meeting to be held at the Bankers Club on Tuesday, Oct. 26, Ranald H. Macdonald, Dominick & Dominick, President of the club, has announced.

Edward D. Jones Co. To Admit To Firm

ST. LOUIS, Mo.—Edward D. Jones, Jr. will on Nov. 1 become a partner in Edward D. Jones & Co., 300 North Fourth Street, members of the New York and Midwest Stock Exchanges.

Crabtree, McLaughlin to Be Baker Weeks Partns

MONTREAL, Que., Canada — Herbert K. Crabtree, member of the Montreal and Canadian Stock Exchanges, and Arthur A. McLaughlin on Jan. 1 will become partners in Baker, Weeks & Co. of New York, members of the New York Stock Exchange. Mr. Crabtree and Mr. McLaughlin are partners in Crabtree & McLaughlin of Montreal.

Frank Crerie & Co. Opens N. Y. Office

Frank H. Crerie & Co., Inc. has announced the opening of their New York office at 19 Rector Street. This company is an affiliate of Crerie & Co., Electric Building, Houston, Tex., which started out in 1951 as a distributor of mutual funds and in the Houston area, before entering security underwriting in 1953.

Frank H. Crerie

Since then, Crerie & Co. participated in a number of underwritings, including Standard Uranium Corp. common, the first uranium development issue to be publicly offered after filing a full registration statement with the SEC.

Frank H. Crerie, President of both the Houston and New York firms bearing his name, believes that the opening of this New York office will importantly expand the underwriting and distributing facilities he has developed in the Gulf South.

Baxter, Williams Opens San Francisco Branch

Baxter, Williams & Co., dealers and underwriters of investment securities, with headquarters in Cleveland, announce the opening of a branch office in San Francisco at 605 Market Street, with William P. Meyer as resident manager. This office is the seventh branch established by Baxter, Williams & Co. since the founding of the firm on Feb. 1, 1952.

Prior to joining the Baxter, Williams organization, Mr. Meyer served as investment analvst for the Employees' Retirement System of the Territory of Hawaii, selecting and handling all its investments while the fund increased from $18,500,000 to $80,000,000. A graduate of the Municipal College of Chicago, he taught in the Chicago Public School System until 1928 when he entered the securities business. He was appointed accountant-investigator with the Securities and Exchange Commission in 1935, entered the Army Air Force in 1942, and was relieved from active duty in 1944 with the rank of Major.

Joins Equitable Secs.

(Special to THE FINANCIAL CHRONICLE)

NASHVILLE, Tenn. — Marvin Demanzuk has become associated with Equitable Securities Corp., Whitney Bank Building. He was formerly with Scharff & Jones, Incorporated.

All these shares having been sold, this advertisement appears as a matter of record only.

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Connecticut Brevities

The Stanley Works Company of New Britain is purchasing **H. L. Judd Company** of Wallingford, a leading manufacturer of drapery and household metal hardware. The Judd firm is about 125 years old and presently employs 800, of which 600 work at the Wallingford plant and the remainder at the New York City sales office and a branch plant in Chattanooga, Tenn. Stockholders of Judd voted Oct. 6 to approve the sale to Stanley of the entire assets, to be operated as a division of Stanley. No changes in the management or location of Judd are presently contemplated.

* * *

The Dorr Company, with general offices in Stamford and laboratories in Westport, has announced plans to merge with **Oliver United Filters, Inc.** of Oakland, Calif., to form **Dorr-Oliver, Inc.** Stockholders of Dorr and of Oliver will meet Nov. 3 to vote on terms of the merger. Acreage has been purchased in Stamford for construction of an office building. The companies operate in the field of sedimentation and suspensions of solids in liquids.

* * *

On Sept. 1, directors of **Hartford National Bank & Trust Company, Connecticut River Banking Company** and **Travelers Bank & Trust Company** voted to submit to stockholders of the three banks on Oct. 27 a proposed merger under the charter of Hartford National. Under the proposed plan stockholders of Connecticut River, 75% owned by Travelers Insurance Company, will receive eight shares of Hartford National for each share owned and Travelers Insurance, which owns 100% of the stock of Travelers Bank, will receive 19 shares of Hartford National for each share of Travelers Bank. Upon completion of the merger there would be 880,000 shares of $10 par stock outstanding and the total capital funds would be about $24,300,000, making **Hartford National** the largest bank in the State.

* * *

Cheney Brothers has recently sold to a new company, **Manchester Engraving Corporation**, that part of its business which included engraving of rollers for fabric printing. The new company has taken over former employees of Cheney in that department and will temporarily lease space from Cheney. Manchester Engraving will do engraving for Cheney and for many textile printing firms.

* * *

The Bristol Brass Corporation has purchased **Accurate Brass Company, Inc.** of Glendale, N. Y., an independent producer of brass and aluminum forgings. The present plan involves continuation of operations at Glendale, where approximately 200 are employed. The purchase by Bristol is in line with its policy of diversification and integration.

* * *

The path of the new cross state Greenwich-Killingly Expressway is such that **Bridgeport Hardware Manufacturing Corporation** must vacate its present plant. The company has signed a contract covering the erection of a 90,000 square foot plant in Fairfield.

* * *

Plans have been announced for the building of a new laboratory to be known as Hartford Research Facility at a cost of about $30,000,000. The new building which will probably be located in East Hartford will be built as a part of the project of **Pratt & Whitney Division of United Aircraft Corporation** involving development of an atomic aircraft engine.

* * *

In connection with its announced plans to introduce into the eastern market a new line of copper and stainless steel kitchen utensils, **Bridgeport Brass Company** is tearing down a part of its present plant to make way for a new 32,000 square foot one-story structure to produce copperware utensils. The change will cost about $1,000,000, to be financed from available funds.

Smutny Nominated By N. Y. IBA Group

Rudolf Smutny, senior partner of Salomon Bros. & Hutzler has been nominated as Chairman of The Investment Bankers Association of America, New York Group for the coming year to succeed Robert W. Fisher, Vice-President of Blyth & Co., Inc. The election will take place in connection with the Group's annual dinner at the Waldorf-Astoria on Thursday.

Rudolf Smutny

E. Jansen Hunt, a partner in White, Weld & Co. was named as Vice-Chairman, and Richard A. Woods, partner in Merrill Lynch, Pierce, Fenner & Beane as the new Secretary-Treasurer.

Mr. Smutny is a member of the Governmental Securities Committee of the IBA and previously served on the Voluntary Credit Restraint Committee.

With Reynolds Co.

Reynolds & Co., members of the New York Stock Exchange, announce that David H. Appenzellar and M. C. William Harris are now associated with the firm as registered representatives in the Chrysler Building office.

T. R. Peirsol Opens

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Thomas R. Peirsol is engaging in a securities business from offices at 468 North Bedford Drive, under the firm name of T. R. Peirsol & Co. Mr. Peirsol has recently been associated with Francis I. du Pont & Co.

THE MARKET... AND YOU

By WALLACE STREETE

Rotating leadership on moderate strength among the various major groups — and even including the long dormant rails — kept the stock market buoyant this week. But little significant overall progress was made with the list generally doing a bit of backing and filling that showed a disposition to wait on the results of the elections a bit more than a week away.

* * *

Rail Strength Comforting

The rail strength was enough finally to carry the carrier average to a new 1954 high and the best standing in 24 years. Without anything particular to account for it, this new strength was a source of much comfort in Wall Street. The refusal of the rails early this year and again recently to confirm the industrials' new highs had been something of a brake on unbridled enthusiasm.

Quality lines like Atlantic Coast Line, Union Pacific and Seaboard Air Line fared best in the rail resurgence. Union Pacific was notable in carving out a new high for the year, which meant the best price label since the stock was split 2-for-1 in 1948 and within easy reach of finally eclipsing the historic peak of all-time set in 1929. Such a feat was accomplished by Seaboard earlier this year when it posted its best 1954 reading. Except for Baltimore & Ohio, where the strength was attributable to a good measure in the recent runup of Western Maryland, the Eastern carriers were still definitely out of favor.

* * *

Cement issues, largely reflecting the vast road building programs and the continued high construction level, were particular pets among the traders, and posted some historic highs. Marquette Cement, which made its debut on the New York Stock Exchange and the Midwest Exchange this year, was a star performer, including a couple of wide gains put back to back on successive sessions. In addition to posting a record high price since its listing, the issue also regained all the ground in price lost as a result of a 1951 2½-for-1 split.

* * *

Oils Gain Ground

Oils continued to give a good account of themselves, but here it was a case of different favorites stepping forward to take over the spotlight from one session to the other. Sinclair, one of the more dormant issues in the group for many weeks, was able to perk up occasionally. Royal Dutch, also a relatively new listing in this country, continued active and held its ground well between successive bursts of strength. The sleeper in the petroleum section could be Sunray for those who like their oil stocks in the lower price brackets. For several years now it has held within a six- to seven-point range although it has been slowly working uphill. Week after week a swing of more than half a point is unusual and for the year so far has held in around a four-point band.

* * *

Aircrafts were able to put up a better front at times, largely due to anticipatory stocking-up as the dividend season approaches. Lockheed and Douglas have been showing better-than-average ability to scoot ahead on periods of strength. Both made appearances on the new highs list this week.

* * *

General Dynamics, for which so much good dividend-wise was predicted some time back, had some trying times over its troubles with the nation's first atomic submarine. At times it fell hard before steadying up.

* * *

Metals' Fancy Behavior

Some fancy performances were scored by the metal shares, not the least being some multi-point runups in Reynolds Metals. Steels did well and, on general strength, point gains for the bellwethers like Bethlehem, U. S. Steel and Armco became somewhat routine. Aluminum shares were able to carve out some wider gains than those scored by the coppers and both put on a good show of stability overall.

* * *

Something of a new note was a bit of life in the television group, paced by Zenith and with some of the group going along for new highs, no less than three appearing in this optimistic tabulation simultaneously. It has been many months since the issues in this group were that unanimous on strength. And it was accomplished without any outstanding help from the large electrical equipment issues which are also video setmakers. They continued to back and fill for the most. The best life in the electrical section was the occasional flareups in McGraw Electric.

* * *

Laggard Sections

Chemicals were the laggard group of the week, a dour distinction they have had for some weeks now. Allied Chemical showed far more ability to slide backward, even when the list generally was doing better, and DuPont was highly irregular with its momentary gains whittled away either within the same session or bright and early the following day. Virginia Carolina Chemical conformed to the pattern of general easiness carrying it off some 10% from its recent high.

American Telephone hasn't had an easy time of it ever since its last runup to a high for several years. It has been inclined to give ground, although moderately, a condition that persisted until early in the week when it started doing better in a modest way.

Another of the classic investment grade issues that had definite and continuing trouble was Coca-Cola. It has been prominent in new low territory for a couple of weeks now and this week finally made a stand at around the low of last year which came within a fraction of being violated. The one-time highly regarded issue, as a matter of fact, has been laggard for a long period in diametric contrast to the course taken by industrial stock averages in that time. Its annual low prices declined steadily from 1947 to 1951 before meeting some support. And in the same period the high prices were also on something of a steady slide after it reached 200 in 1946. Its best this year was slightly under 126.

Also among the casualties was General Stores on the junior exchange which in mid-week became one of the few issues in this period of prosperity to acquire the additional, unhappy ticker symbol adornment of "Q" to denote insolvency. The stock slid below a dollar for the poorest reading in some years, as the company filed for reorganization. It was only reorganized before as recently as 1940. Until early this year when the name was changed it was far better known as D. A. Schulte, Inc.

* * *

Post-Election Technical Outlook

Technically there was little of great moment in this week's action apart from the rail strength. The trading pace continues on the slow side and the recent lists of issues that trade have been running somewhat light. New highs, as the daily sprinters go to work, outpace the new lows by a comfortable margin to keep hopes high that a spirited resumption of the advance might follow after any temporary setback before or as a result of the elections.

[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.]

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Retail Sales And Parking Facilities

By ROGER W. BABSON

Mr. Babson, commenting on the decline in retail sales in 1954, says, because of higher wages and increasing population, 1954 retail sales should have been higher. Ascribes reasons for declining sales to the "do-it-yourself" trend, and to poor parking facilities. Says every merchant should fight for free or low-priced parking lots.

An analysis of retail sales shows some very interesting figures. From Jan. 1 through September, 1954, sales declined about 2% from the same period last year. There, however, was a modest pickup during September. This was due largely to the cool weather and to this year's extensive store advertising.

Roger W. Babson

The decline in 1954 has been in the face of more money available for spending than ever. Individuals' savings are at the highest level in history. Wages also are higher than ever before. Most prices are reasonable and storekeepers are trying hard to please their customers.

There should be more customers than ever, as a result of our net gain in population of 225,000 each month. Births are increasing and sickness is decreasing. More children are going to school and are dressing better at school. The only "out" is that parents do not have so much overtime money as they did in 1953.

Reasons for Declining Sales

This means that certain parents have had more time to do needed work at home. The "do-it-yourself" industries have boomed! People have been buying tools, paints, wallpaper, plyboard, etc., instead of spending the money on movies and entertainment. Families are "cooking-it-themselves" more, and going out to restaurants less.

Some cities which have many parking meters have trained parents to visit the shopping centers together in couples, but always leaving one person in the car to listen to the radio, or read a picture magazine, or eat a nickel candy bar. This growing new habit has increased sales by drawing more people into the shopping district and eliminating their fear of getting parking tickets. Both persons can take their turns shopping, and also at watching the parking meter and dropping in another nickel at the right time. Other stores have boys or girls with supplies of nickels to watch their customers' cars.

Poor Sales Due to Poor Parking

An analysis of sales shows that they have varied in accordance with parking facilities. Stores in which customers can trade without any parking problems show increases. The other stores have shown decreases. Since current high factory employment is impossible to maintain without high retail sales, it will be seen that unemployment figures of the entire country may be considerably affected by the availability of adequate parking facilities.

The truly "self-service" stores have shown the greatest increases. In these, the customers need not wait for change or wrapping. They can shop quickly and pay at the check-out door. Hence, "self-service" is also helping the employment situation for the entire nation, as well as the well-being of each city. Local governments should remember that the retail merchants—not the factories—are the lifeblood of every city and every nation.

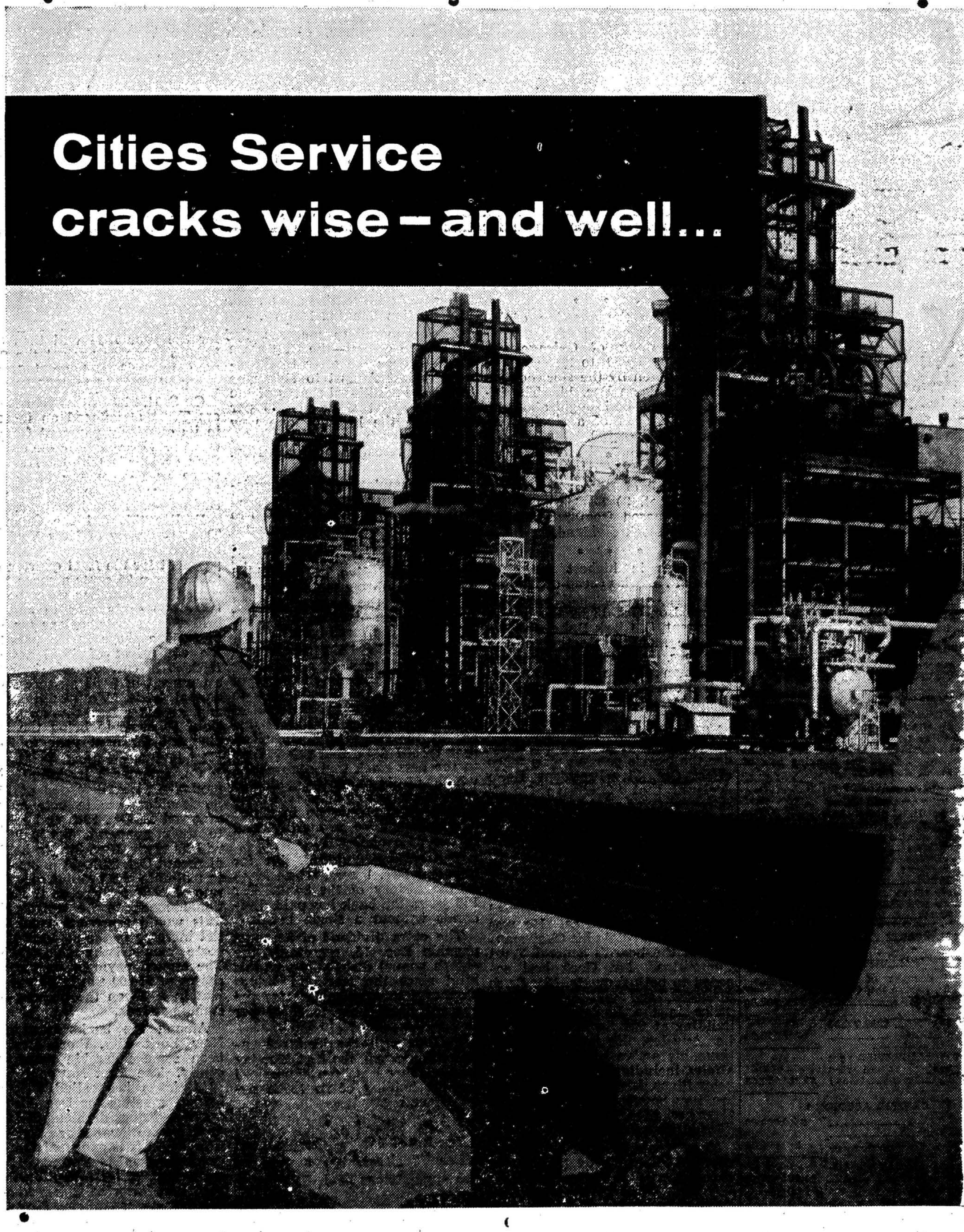
What About Parking Meters?

Parking meters are useful in preventing "all-day parkers" from hogging the streets; but otherwise they have hurt retail business. A woman leaves home with a large list of things she wants to buy. She finds a vacant parking space and drops five cents in the slot. Then she starts to get her supplies; but she is continually worrying about her car. The time goes too quickly. She is thinking of the car instead of her purchases. She goes home with half of her shopping list bought.

Every merchant should fight for free parking lots, or else lots that provide two-hour parking for five cents. In other words, cities must not only provide parking, but must also eliminate the worry and hurry of shoppers. The present idea of the customer to get back home as soon as possible is absolutely wrong. The setup and aim of the stores should be to keep her in the shopping district as long as possible.

Krensky Opens Branch

PRINCETON, Ill. — Arthur M. Krensky & Co., Inc., members of the New York Stock Exchange, have opened a branch office in the Hotel Clark under the management of J. Gu-- Park



These three catalytic crackers dominate the skyline of our Lake Charles, Louisiana, refinery which normally processes 175,000 barrels of oil every day.

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Continued from page 13

News About Banks and Bankers

remain unchanged at $20 a share. Stockholders are asked to act on the proposal at a special meeting on Nov. 4. George Munsick, President, explained that the directors were prompted to recommend the plan by the growth of the bank's business. At the end of last June The Morristown Trust Company's total deposits were $27,730,000, compared with $26,457,000 on June 30, 1953 and $19,560,000 at the same date in 1948. Based on the present market price of the bank's stock, the proposed stock dividend would be equivalent to about $1.67 per share. When a similar increase in the capital accounts of the 62-year-old institution occurred last December capital and surplus were each enlarged from $880.000 to their present $920,000. If the proposal is voted and approved at the Nov. 4 stockholders' meeting, and approval is obtained from the State banking authority, each of the bank's 680 stockholders will be notified of the number of any full shares and the amount of any fractional interest to which he will be entitled by reason of the stock dividend. Arrangements are expected to be made by the trust company for the purchase or sale of fractional interests without cost to the stockholder, as was done last year.

* * *

Stockholders of **National State Bank of Newark, New Jersey,** at a special meeting on Oct. 19 approved a change in the par value of the bank's capital stock to $25 a share from $100 a share and an increase in the number of authorized and issued shares to 125,000 shares from 20,000 shares. W. Paul Stillman, President, stated that holders of more than 90% of the outstanding shares voted in favor of the charter changes.

Subject to approval by stockholders at the meeting on Oct. 19, the Board of directors on Oct. 7 had voted to split the presently outstanding shares four-for-one; declared a stock dividend of 25% on the shares to be outstanding after the split-up; approved an offering to stockholders of 25,000 additional shares of new $25 par value stock at $80 a share; stated their intention to establish the new stock on a $4 annual dividend basis.

* * *

A special meeting of the stockholders of the **Toledo Trust Co. of Toledo, Ohio** will be held on Nov. 10 to act on the proposal to increase the common stock from 120,000 to 135,000 shares. The plans include the declaration of a stock dividend of one share for each eight shares now outstanding. The dividend would be payable Nov. 19 to stockholders of record Nov. 16.

* * *

Action on the question of increasing the capital of the **First National Bank of Chicago, Ill.** from $90,000,000 to $100,000,000 will be taken by the stockholders of the bank on Dec. 14. The increase would be brought about by the declaration of a stock dividend of $10,000,000.

* * *

The capital of the **Dixon National Bank of Dixon, Ill.** is now (as of Sept. 3) $250,000, having been increased from $180,000 by a $70,000 stock dividend.

* * *

Changes in highest ranks of **Bank of America** (head office San Francisco) management were announced on Oct. 13 by the bank's President, S. Clark Beise, following the monthly meeting of the directors. A. J. Gock is retiring as Chairman of the Board and as senior officer of the bank in the Southern California area. Mr. Gock reached the retirement age of 65 on Oct. 4. His formal relinquistment of active duties under the bank's pension plan takes effect Oct. 31. President Beise declared that "Chairman Gock's retirement was richly earned," but that he had been asked to remain as a member of the board and its Executive Committee so that the bank might continue to benefit from his more than half a century of banking experience, 42 years of which had been served with Bank of America. He was asked also to retain his Chairmanship of the board's general Trust Committee. Mr. Gock had acceded to both requests, Mr. Beise disclosed, and will establish an office in the Bank of America building at 650 South Spring St., Los Angeles. He intends to continue his active interest in civic affairs, including Greater Los Angeles Plans, Inc., the Y. M. C. A., the Boy Scouts, the Los Angeles Chamber of Commerce and the World Affairs Council.

The board, Mr. Beise also announced, then made two major appointments, both effective Nov. 1: Fred A. Ferroggiaro, heretofore Senior Vice-Chairman of the board, was elevated to the Chairmanship. Mr. Ferroggiaro is the bank's oldest employee in years of service, having been taken on as a messenger boy in 1906 by Founder A. P. Giannini. He woked his way up through virtually all positions in the bank, and is remembered for services of special distinction in Stockton and Oakland. He maintains his home in the latter city, and his office at the bank's headquarters in San Francisco. He is scheduled to retire from active duty under the bank's pension plan on May 31, next. Jesse W. Tapp, Vice-Chairman of the board and a nationally known authority in the field of economics as well as banking, was appointed to succeed Mr. Gock as the senior officer of the bank in the Southern California area, Mr. Beise said. Mr. Tapp, who recently moved his office to Los Angeles, will continue to make his headquarters there. Active in many spheres of public service, he is Chairman of the Agricultural Commission of the American Bankers Association and a member of its Credit Policy Commission, and serves on two of President Eisenhower's commissions: foreign economic policy and agricultural policy. Walter J. Braunschweiger, Executive Vice-President, will continue as in the past to handle general administrative duties in Southern California, as well as carry on his statewide activities as Chairman of the bank's Business Development Committee.

* * *

Gordon R. Ball, President of the **Bank of Montreal, Montreal, Canada,** announced on Oct. 19 that shareholders will be asked at their annual meeting in December to enact a by-law increasing the Bank's authorized capital from $50,000,000 to $75,000,000. The new figure will be the largest in Canadian banking history.

The proposal to increase the authorized capital—the first since 1928—follows the offer to shareholders last August to subscribe to 900,000 additional shares of the Bank's capital stock at $30 per share, on the basis of one new share for each four shares held. The offer remains open until Nov. 26, 1954.

Upon completion of the new issue, the bank's paid-up capital will be increased by $9,000,000 to $45,000,000 and its rest account by $18,000,000 to $90,000,000, making an aggregate of shareholder's funds, exclusive of undivided profits, amounting to $135,000,000, which—like the new authorized capital figure—is the largest of any of the chartered banks.

Arthur C. Jensen, general manager of the bank, in announcing the fourth quarterly dividend of 30 cents for the fiscal year to Oct. 30, plus an extra dividend of 20 cents per share, for shareholders at the close of business on that record date, told subscribers to the new stock that each share, whether fully or partly paid, will rank in respect of these two dividends in the proportion in which it stands paid up on the dividend record date of Oct. 30.

The regular dividend, due for payment Dec. 1 next, is the 366th in the history of the bank. For 126 years the bank has paid dividends without a single break.

The extra dividend of 20 cents payable Dec. 15, represents the eighth annual distribution of this kind since the war and brings payments to shareholders for the current fiscal year to $1.40 per share—the same as in 1953.

In line with the bank's long-standing custom, the first Monday in December has been announced for the holding of its 137th annual meeting.

* * *

The Royal Bank of Canada, head office **Montreal,** has announced the appointment of J. R. Peet as Resident Inspector of Venezuelan Branches, a newly created post. Mr. Peet will also occupy the position of Manager of the bank's branch at Caracas, succeeding M. W. Newell who is retiring. Mr. Peet, a native of Leicester, England, first joined The Royal Bank of Canada at Buenos Aires, Argentina in 1929 where he served for nine years in a number of different capacities. In 1938 he was appointed Manager of the bank's branch at Montevideo, Uruguay, the post he vacates to take up his new position in Venezuela.

REPORT OF CONDITION OF

THE CORPORATION TRUST COMPANY

of 120 Broadway, New York 5, N. Y., at the close of business on October 7th, 1954, published in accordance with a call made by the Superintendent of Banks pursuant to the provisions of the Banking Law of the State of New York.

ASSETS		
Cash, balances with other banking institutions, including reserve balances, and cash items in process of collection		$1,097,029.41
United States Government obligations, direct and guaranteed		431,357.64
Corporate stocks		60,000.00
Furniture and fixtures		419,719.54
Other assets		553,945.14
TOTAL ASSETS		$2,562,051.73
LIABILITIES		
Demand deposits of individuals, partnerships, and corporations		$239,802.80
TOTAL DEPOSITS	$239,802.80	
Other liabilities		1,115,170.65
TOTAL LIABILITIES (not including subordinated obligations shown below)		$1,354,973.45
CAPITAL ACCOUNTS		
Capital †		$500,000.00
Surplus fund		325,000.00
Undivided profits		382,078.28
TOTAL CAPITAL ACCOUNTS		$1,207,078.28
TOTAL LIABILITIES AND CAPITAL ACCOUNTS		$2,562,051.73

†This institution's capital consists of common stock with total par value of $500,000.00.

MEMORANDA	
Assets pledged or assigned to secure liabilities and for other purposes	$105,357.64
Securities as shown above are after deduction of reserves of	64.24

I, CHARLES J. SKINNER, Treasurer of the above-named institution, hereby certify that the above statement is true to the best of my knowledge and belief.

CHARLES J. SKINNER

Correct—Attest:

GEORGE F. LePAGE
WILLIAM R. WATSON
NORMAN J. MacGAFFIN
} Directors

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Bank Stocks

The Chase National Bank last week raised its quarterly dividend from 50 cents to 55 cents and declared an extra of 15 cents a share. As both payments are to be made this year, it will bring the total Chase distributions for 1954 to $2.20 a share as against $2.00 in the previous year.

This announcement should remind investors of the favorable dividend action taken by other banks so far this year. Several of the larger banks have increased their cash payments or made stock distributions. Present indications are that before the end of the current year others may do likewise.

National City is one of the other large New York banks that recently increased its dividend. In connection with the announcement about its financing a month or so ago, the Bank raised its quarterly dividend from 55 cents to 60 cents or from $2.20 to $2.40 on an annual basis. Payments for the year 1954 will thus total $2.25 a share as against the $2.00 paid in 1953 and an indicated payment of $2.40 in 1955.

On Sept. 21st of this year Bankers Trust announced an increase in its quarterly payment from 55 cents to 60 cents. For the current year dividends will total $2.25 a share as against the $2.20 paid last year and the current indicated rate of $2.40 a share.

Earlier this fall the Guaranty Trust Company of New York increased its quarterly rate. The payment for the final quarter was raised from 75 cents a share to 80 cents. This together with the extra of 50 cents paid in January brings total distributions for 1954 to $3.55 a share as compared to the equivalent of $3.45 paid in 1953. The current rate indicates a payment of $3.20 a share on an annual basis. We would expect another extra next January, possibly 50 cents to bring the total payment for next year to $3.70.

Early this month J. P. Morgan & Co. announced its intention of paying a stock dividend of 20%. Stockholders are to vote on the proposal on Oct. 29th and subject to their approval, the payment will be made, Nov. 8th, to holders of record Oct. 29th. It is intended to maintain the present quarterly rate of $2.50 a share on the additional stock to be outstanding. This would represent a substantial increase in the amount of income received by shareholders. The annual payment on the new shares of $10.00 would be equivalent to $8.33 on the present outstanding stock.

Among the banks outside of New York City, there also has been some favorable action recently. The First National Bank of Chicago has called a stockholders meeting for Dec. 14th, to approve a stock dividend of 11.1% or one additional share for each nine held. It is expected that the present annual rate of $8.00, $2.00 quarterly, will be continued on the new shares as it has in previous instances where First National paid stock dividends. On an adjusted basis the new rate of $8.00 a share on an annual basis would be equivalent to $7.20 on the outstanding shares.

In the coming weeks we would expect favorable dividend action from some of the other institutions in these two areas.

The distributions made in recent months indicate a favorable attitude on the part of bank managements. This is supported by the current earnings picture. Although operating results are tending to taper off total earnings, including security profits, are likely to show a substantial gain over the generally favorable results of last year.

Many of the banks are optimistic on the outlook for some time ahead. Loans are expected to be bolstered by the accelerated tax payments required between 1955 and 1959. This should help the operating results while security profits although not so large as this year, should continue sizable.

There is also the fact that most of the banks are now in a better position with respect to their capital accounts. Financing and retained earnings have enabled many institutions to add to capital over the past several years. While there are some banks which are likely to continue a policy of retaining earnings for this purpose, it is believed that many now are willing to distribute to stockholders a larger portion of income.

The foregoing considerations are expected to be reflected in dividend payments in coming months to the benefit of bank shareholders. While increases may not be supbstantial, modest increases in rates coupled with extras or stock payments should result in a favorable pattern.

Chas. Kirshman Now With Amott, Baker

Charles Kirshman is now associated with Amott, Baker & Co. Incorporated, 150 Broadway, New York City. Mr. Kirshman was formerly with Oppenheimer and Company.

Kavanewsky & Nester With M. A. Schapiro

M. A. Schapiro & Co., Inc., 1 Wall Street, New York City, dealers in bank and insurance stocks, announced that John F. Kavanewsky and Walter C. Nester are now associated with the firm. Mr. Nester was formerly with the First Boston Corporation.

Ralph W. Davis Admits O'Connor As Partner

CHICAGO, Ill. — Timothy M. O'Connor will be admitted to partnership in Ralph W. Davis & Co., 180 West Adams Street, members of the New York and Midwest Stock Exchanges, on Nov. 1. Mr. O'Connor is office manager for the firm.

James H. Lennon With Federated Managem't

WETHERSFIELD, Conn.—James H. Lennon has joined Federated Management Corporation, Professional Building. Mr. Lennon was formerly Vice-President of Coburn & Middlebrook, Incorporated in Hartford.

COMPARISON AND ANALYSIS

17 N. Y. City Bank Stocks

Third Quarter 1954

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Building Construction and The Business Outlook

By WALTER E. HOADLEY, JR.*

Economist, Armstrong Cork Company, Lancaster, Pa.

Pointing out that nine years after World War II building is looked upon as the strongest single industry in the American economy, Mr. Hoadley holds there is every reason to believe that new building requirements will continue high. Says, however, competition in building industry will persist and good management on part of builders and materials producers is essential for survival. Concludes current business faces an "interim period" between recent boom and another expansionary period a few years ahead.

Not too many years ago there was widespread belief that a sharp drop in building activity would be an important factor contributing to a serious postwar recession. Interestingly enough, at the present time, nine years after the end of World War II, building is looked upon by most observers as the strongest single industry in Pennsylvania as well as across the American economy. The question naturally arises—why is this so? There are several important reasons: (1) the backlogs of construction needs have proved to be much larger than originally expected; (2) the Korean War injected large new requirements for building; (3) individuals and families as well as business organizations have migrated to new locations on a scale greater than ever before in history; (4) a substantial general increase in personal income has made home ownership possible for millions of families who previously could not afford dwellings of their own.

W. E. Hoadley, Jr.

In addition, there are two other factors which in my view far overshadow those which have just been mentioned. These are: (1) the sharp increase in importance of housing in the American standard of living, and (2) greater availability of credit—both through Federal mortgage guarantee activities and general money policies. Recent investigations across the United States strongly indicate that the typical family is more dissatisfied with its present housing than any other aspect of its living standards. As for credit, the record demonstrates conclusively that attractive mortgage terms and conditions have been a dominant factor in postwar homebuilding. Moreover, the availability of credit now clearly emerges as the most important determinant of most construction activity, since needs for new and improved structures do not appear in any appreciable degree to have been met.

Building Will Continue at High Level

Looking to the future, there is every reason to believe that new building requirements will continue high. Prospects are that housing "starts" nationally will average a million or better each year over the remainder of this decade, and in the mid-1960's reach and exceed 1½ million starts, if indeed this level is not achieved sooner. The outlook for new residential building in Pennsylvania also is highly promising, although perhaps not quite as favorable immediately ahead as in certain other sections of the country where the population growth trend is somewhat greater. During the current year, new home building in this state actually is lagging behind the national rate, but the building industry in Pennsylvania nevertheless remains very active, because non-residential work is well above the average level for the nation as a whole.

Let me caution anyone who judges construction trends and prospects in Pennsylvania or any other state that building is *not* confined to *new* construction. Very recent investigations by the United States Bureau of the Census confirm earlier informed views that the volume of "fix-up" (i.e., repair and modernization) work already closely approaches that of new building. In other words, for every dollar currently being spent for new home building, at least another 90 cents is now being paid to fix up existing dwellings. Because of the slight lag in new homebuilding in Pennsylvania at the present time, it is quite possible that "fix up" work actually is employing more labor and materials than new housing in this state.

With at least 40 older homes having "fix-up" needs for every new home being built, repair and modernization activity should continue to expand, particularly in 1955. Moreover, because of the vigorous growth prospects for "fix-up" activity, the building industry can now look forward with greater confidence to stabilized operations over the years ahead, and especially during times when new homebuilding activity may be temporarily declining.

Construction prospects for 1955 thus can be seen as generally quite favorable, and certainly to the extent that present money and credit policies persist. But some types of structures will be in greater demand than others. Further expansion lies ahead for commercial building, churches, schools, highways, and some institutional buildings. In contrast, the present outlook is for fewer new industrial plants and certain utility installations, less farm building, and reduced government projects for housing and conventional type defense facilities.

Competition to Persist

The competition which has marked building in Pennsylvania as elsewhere this year is expected to persist. It is sobering to note that among the leaders in business failures these days are building contractors and some material dealers—despite record or near record construction activity. No further proof is needed to demonstrate that good management is essential these days not only for success but even for survival.

The cross currents in construction just mentioned, in many respects characterize industries and markets generally at the present time. Actually it's not difficult to "prove" either that business is good or bad simply by making the proper selection of illustrations of strength or weakness to be found readily in most fields. Frankly, it is difficult to keep perspective toward business trends and developments, especially if we focus our attention upon solely current and very near-term prospects.

In an effort to provide some perspective for this business outlook discussion today, let me direct your thinking for a moment to a few longer-range, underlying economic trends. Perhaps, then business developments in 1954—and more important—in 1955 will take on more meaning.

Most business executives today are more optimistic about the longer-range future growth of the American economy than at any time in history—and for good reason. Population continues to expand at a rapid rate. In fact, the people are alive today who will provide the basis for another tremendous expansion in business in the 1960's as record numbers of new families are formed from among the children born in the 1940's. Equally important, these people all of us—want a still higher standard of living. More people wanting more goods and services in a state and a nation having the finest productive facilities in the world can only mean expanded business over the years ahead.

But this, of course, does not mean that business automatically will boom for all industries and all companies in Pennsylvania or anywhere else. Only those managements which have the foresight and determination to give buyers the products and services which are "right" for the time can expect to share in the business upsurge ahead. Challenging growth prospects also do not mean the end to all variations in general business activity in our competitive system of enterprise. Forward strides are being made to minimize adjustments in general business but rigid stability is incompatible with a growing economy and with our profit and loss system.

The horizon is bright. Business in this state as well as generally across the country, however, currently faces an "interim period" between the recent boom and another expansionary period a few years ahead. What is causing the "interim period"? Several factors are operating to limit a new business upsurge: (1) expansion in productive capacity is no longer needed at the unusually high rate dictated by emergency war conditions, and so expenditures for new plant and equipment are declining and seem likely to continue to drop moderately over the coming year; (2) government spending for defense has fallen and some further moderate reduction is projected in the Federal budget for the year ahead; (3) better balance between agricultural production and demand still remains to be achieved, so additional adjustments in agriculture must be faced; (4) the low birth rate of the 1930's is now causing a slow-up in the number of marriages and new families being formed; and (5) most consumers show some lack of urgency to buy, particularly in view of their fairly heavy postwar purchases of durable goods and their current feeling that shortages are almost nonexistent.

To speak of an interim period is not to predict a deep recession or depression before the next important upturn in business. Rather, in drawing attention to the "interim period" I am simply saying that all of us face the challenge of achieving "growth" in our businesses over the next few years largely "on our own" without the support of a rapidly expanding state or national economy such as has existed over most of the past decade.

Against this background of the "interim period," general business cannot be expected to follow a sharp upward course over the year ahead. Nor should we expect any marked decline because our economy is fundamentally sound. Factors of strength in the 1955 outlook are to be found in: (1) the end of inventory liquidation which promises to boost orders and output in many lines; (2) the continued heavy demand for building mentioned earlier; (3) record or near-record income in the hands of the consuming public; and (4) the supporting effects of tax and other legislation passed by the 83rd Congress.

On the whole, the prospects are for another good year for business, with a slightly higher sales potential than during 1954. Perhaps 1955 can best be described as a year of "competitive stability." Hence, any business organization which achieves a noticeable gain in employment, sales, and profits during the coming year can properly take most of the credit for such an accomplishment.

*Summary remarks of a panel discussion by Mr. Hoadley at the 37th Annual Meeting of the Pennsylvania Chamber of Commerce, Harrisburg, Pa., Oct. 13, 1954.

Donald Caldwell Mgr. Of Walston Co. Dept.

Vernon C. Walston, senior partner of Walston & Co., announces the appointment of Donald Caldwell as Manager of the firm's underwriting department with headquarters in its New York office, 120 Broadway.

Donald Caldwell

Mr. Walston said the appointment of Mr. Caldwell is another step toward expanding the firm's underwriting activities in line with the increased requirements of its 35 offices from coast to coast.

Mr. Caldwell has been active in corporate and municipal underwriting trading and clearance procedures both in California and New York.

An active Scouter, he was Transportation Chairman of Nassau County Council, BSA (N. Y.) for the 1953 National Jamboree. His Council had 250 Scouts at the Irvine Ranch last July. He is presently a member of the Organization and Extension and also the Industry Relations Committees of his Council.

Dempsey-Tegeler Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Clement R. Tunell, Jr. has been added to the staff of Dempsey-Tegeler & Co., 210 West Seventh Street.

With Samuel Franklin

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Joseph L. Joseph has been added to the staff of Samuel B. Franklin & Company, 215 West Seventh St.

Morgan Adds to Staff

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—John M. Mulroy is now with Morgan & Co., 634 South Spring St., members of the Los Angeles Stock Exchange.

Joins Gallagher-Roach

(Special to The Financial Chronicle)

COLUMBUS, Ohio—David J. Novick is now affiliated with Gallagher Roach and Company, 1683 West Lane Avenue.

With Foster & Marshall

(Special to The Financial Chronicle)

PORTLAND, Ore.—Joe Bates has become connected with Foster & Marshall, U. S. National Bank Building.

W. T. S. Quicke With Fahnestock & Co.

Fahnestock & Co., 65 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges, have announced that W. T. S. Quicke is now associated with the firm as co-manager of its advisory and research department. Mr. Quicke in the past was with Kidder, Peabody & Co.

Elected Directors

Walter P. Marshall, President of Western Union, today announced the election to the telegraph company's board of directors of Robert F. Brown, partner of Kuhn, Loeb & Co. and Benjamin E. Tate, President and director of United Collieries at Cincinnati.

Mr. Brown is a member of the New York Stock Exchange, and a director of American Potash & Chemical Corporation, Polaroid Corporation, and other companies. He advised Western Union in connection with the 1943 merger with Postal Telegraph and in many other financial matters.

Mr. Tate is an executive committee member and director of Standard Brands, Inc. and a director of numerous other companies. He is also a director of the University of Cincinnati and is active in other civic and educational affairs.

REPORT OF CONDITION OF

Underwriters Trust Company

of 50 Broadway, New York, N. Y., at the close of business on October 7, 1954, published in accordance with a call made by the Superintendent of Banks pursuant to the provisions of the Banking Law of the State of New York.

ASSETS

Cash, balances with other banking institutions, including reserve balances, and cash items in process of collection	$8,597,166.04
United States Government obligations, direct and guaranteed	15,940,094.10
Obligations of States and political subdivisions	1,527,174.80
Loans and discounts (including $2,516.37 overdrafts)	17,304,398.73
Banking premises owned, None; furniture and fixtures and vaults	88,242.67
Other assets	233,174.48
TOTAL ASSETS	$43,690,250.82

LIABILITIES

Demand deposits of individuals, partnerships, and corporations	$20,966,260.02
Time deposits of individuals, partnerships, and corporations	4,070,760.56
Deposits of United States Government	1,230,580.34
Deposits of States and political subdivisions	12,819,115.27
Deposits of banking institutions	480,297.47
Other deposits (certified and officers' checks, etc.)	530,520.11
TOTAL DEPOSITS $40,097,533.77	
Other liabilities	281,025.03
TOTAL LIABILITIES	$40,378,558.80

CAPITAL ACCOUNTS

Capital †	$1,000,000.00
Surplus fund	1,000,000.00
Undivided profits	1,311,692.02
TOTAL CAPITAL ACCOUNTS	$3,311,692.02
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	$43,690,250.82

†This institution's capital consists of common stock with total par value of $1,000,000.00.

MEMORANDA

Assets pledged or assigned to secure liabilities and for other purposes	$10,509,260.54
(a) Loans as shown above are after deduction of reserves of	64,400.98
(b) Securities as shown above are after deduction of reserves of	147,107.21

I, William D. Pike, Secretary of the above-named institution, hereby certify that the above statement is true to the best of my knowledge and belief.

WILLIAM D. PIKE.

Correct—Attest:

C. W. KORELL
JOSEPH B. V. TAMNEY } Directors
SUMNER FORD

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Investment Opportunities in the World's Largest Market

Continued from first page

ones, which can only be bought and sold over-the-counter. For those under the misguided notion that unlisted issues are of meager quality, we suggest a look at some very blue chips—like J. P. Morgan & Co. currently around 307, Northern Trust Co. of Chicago around 440, Union Miniere (largest producer of uranium) at around 855, Travelers Life at $1,355, and, if you can stand the altitude, our most opulent equity, Los Angeles Turf Club, quoted around $50,000 a share. So while you can buy a uranium or oil share over-the-counter, perhaps for pennies, you can also latch onto some shares of surpassing eclat.

A few fire and casualty insurance companies are listed on the N. Y. Stock Exchange, but the vast majority of all bank and insurance shares are unlisted. This would include some 14,000 commercial banks and trust companies in the U. S. Marvelous market performers such as Security First National of L. A., Valley National Bank of Arizona, and Franklin National Bank of Long Island, are all dealt in over-the-counter. It seems only quite recently that life insurance shares have caught on among the general run of investors. Within the past 12 months, high quality items like Travelers and Lincoln Insurance have doubled in market price—a fact supporting the thesis that for some months now the best investments have also been the best speculations! It further proves that just because a stock is not listed doesn't mean that it's listless! Aetna, Connecticut General, Virgina Life, Continental Casualty, Kansas City Life, Monarch Life Insurance and several more are all over-the-counter attractions.

Let's look at it another way. Some of the very largest companies in their respective fields have their shares unlisted. The following are the biggest in their lines: American Hospital Supply, American Wringer Co. (no, they don't sell wringers for bankrupt companies to go through!), Bank of America, Brink's (armored cars), Consolidated Lobster Co., Dentists' Supply Co. (false teeth), Henry Disston & Sons (saws), Joseph Dixon Crucible (graphite), Emhart Manufacturing (squeeze bottles), Foote Mineral (Lithium), Graton and Knight (belting), Home Insurance (fire insurance), Kellogg Co. (cereals), Miles Laboratories (Alka Seltzer), National Casket Co. (terrestial terminal facilities), Anheuser - Busch, Inc. (world's largest brewer), Pabst Brewing Co. (blue ribbon blue chip), Rock of Ages Corp. (tombstones), Tiffany & Co. (more resplendent rocks), Time Inc. (Time in your Life for Fortune and Sports), U. S. Envelope Co., Weyerhaeuser Timber Co.

The above, mind you, are all the biggest in their lines and the only way you buy their stock is over-the-counter. By the way, this list of "biggests" is only a sampling—there are dozens more —Animal Trap Co., for example, to which enterprise people have been "beating a path to their door" to get better mouse (and rat) traps!

Price ranges we already mentioned. Over-the-counter you can buy anything from a nickel's worth of hope in a uranium strike to a $50,000 piece of Santa Anita. You "pays yer money and takes yer choice" in the world's largest market.

Geographic spread (as well as the spread between the bid and asked) is there too. You can buy shares in De Beers, Ltd. (premier diamond producer of South Africa), Suez Canal Co., Rhodesian Development, East Asiatic Co. (Danish shipping), Hudson's Bay Co., dozens of Japanese companies, Ampol (Australian oil company), and hundreds of others in many countries and currencies—all in the Over-the-Counter Market.

For the never ending search for security values among industrial, railway, utility, and financial institution shares, the Over-the-Counter Market affords a particularly lush and rewarding field. Here, very often, you can buy earnings, assets, dividends, and book values at favorable ratios; and often become a shareholder in an enterprise long before its merits and growth horizons have been given broad publicity to the investing public. It's easy to see how this can be and why the unlisted market affords so many early opportunities to acquire expanding equities at discount prices.

For example, take the case of a mythical manufacturing company. It's been owned and run as a family enterprise for two or three generations. Then either there's a death in the family, or there's no one in the family willing or able to carry on the management; or lush capital gains or other tax motives may suggest disposition of the equity, usually either a sole or majority one. The stock then is either sold entirely to another (and usually larger) corporation for merger, or, more often, the shares, possibly after a split-up, are sold to an investment banking firm for sale and distribution to the public. Then, lo and behold, the company, instead of having 2 or 3 or maybe a dozen stockholders, all of a sudden has several hundred; and a natural demand is created for a mart where shareholders can sell what they've bought if they need the money, or want to cash in on a profit, or buy more if the company's prospects and the state of their pocketbook suggest that course of action. At that point, an Over-the-Counter Market in the shares is born; and bid and asked prices begin to be supplied by one or two or perhaps several dealer-brokers.

Then we follow it one step further. The company grows fabulously, its products are nationally known, its stockholders are counted in the ten thousands, and there are dozens of buyers and sellers in the issue every day. So the company management decides to place its share market, partly as a matter of public relations, on one of the Stock Exchanges where daily sales and volume are reported and published in the financial section of the larger metropolitan newspapers.

This evolution or one quite similar has happened in literally dozens and dozens of instances, although only a small percentage of shares, originally traded over-the-counter, ever do become fully listed.

Amerada, a fantastic and volatile oil on the New York Stock Exchange, once sold over-the-counter at 50 cents a share. Pepsi-Cola, Corning Glass, Cone Mills, Pfizer, Admiral Corporation, many Standard Oil issues, Royal Dutch Petroleum, Stromberg Carlson and scores more companies of national and international eminence, have used the Over-the-Counter Market as a springboard, projecting their shares into promi-

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Continued from page 6

Short Sightedness

the member house considers too venturesome. The over-the-counter broker assists Exchange members in marketing securities; they help to publicly distribute securities underwritten by Exchange houses. Many issues underwritten by Exchange houses are born because an over-the-counter broker originally had the foresight to undertake to finance a new business. Over-the-counter brokers keep capital in the Street; they give employment to thousands including printers, salesmen, clerical help, professional people and others. Over-the-counter brokers, like Exchange brokers, must meet the requirements of the Federal and State authorities, and are subject to the same supervision as Exchange members. Are they, or members of other Exchanges, pariahs because they did not have the foresight to obtain membership in the New York Stock Exchange?

What good can be done to tell the public "Don't trust him—he is an over-the-counter broker. Trust only me; I am a New York Stock Exchange broker." Realize that in such a statement there is one word in common—"Broker."

An attack by one broker on the honesty and integrity of another broker is an attack on all brokers, and the end result will be that in the minds of the public, at least, the words "Security Broker" will be synonymous with "untrustworthy."

Remember—the securities broker business is founded on public confidence, and once lost, the public will not distinguish between an Exchange house broker and an over-the-counter broker.

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nence, and market leadership, on the New York Stock Exchange.

Which brings us to another and final aspect of value and undervaluation. Because many of our great corporation shares are listed, they seem to have attained a special investment status and preference among private and institutional investors simply because they are well known, and have appeared in so many trust and "prudent investor" portfolios. Many sound analysts have argued that this "name" or prestige preference has propelled the more eminent equities to price-earnings ratios and lowered yield bases artificially out of line with comparable unlisted shares which lack this popularity, or "hit parade" quality.

In some proof of this latter statement, we would call your attention to the very long and impressive lists of companies given below which have paid continuous cash dividends from 5 to 170 years. The larger eligible banks are also included in these tabulations. One of the criteria of any good security is surely dividend durability; and on this count hundreds of the unlisted shares tabulated show up resplendently.

So, the "Chronicle" is delighted again to salute the Over-the-Counter Market as the broadest and biggest security mart in the world, and the native habitat of a surpassingly fine list of sound, entrenched, and in many instances, undervalued corporate equities, as well as a fertile garden for the share nurture of growing enterprises.

Difference Between Listed and Over-the-Counter Trading

Following the tables appearing hereunder, we present a discourse on the difference between the listed and Over-the-Counter Markets, for the benefit of those who are not conversant with how the Over-the-Counter Market functions.

TABLE I

OVER-THE-COUNTER

Consecutive Cash

DIVIDEND PAYERS

for

10 to 170 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
Abercrombie & Fitch — Large variety of sporting goods	17	1.00	‡23	4.3
Aetna Casualty & Surety — Writes practically every form of insurance	46	3.00	149	2.0
Aetna Insurance (Hartford) — Diversified insurance	81	2.40	66½	3.6
Aetna Life Ins. (Hartford) — Life, accident, health	20	2.25	138¾	1.6
Aetna-Standard Engineering — Producer of heavy equipment	13	†1.45	19⅜	7.5
Agricultural Insurance Co. — Diversified insurance	90	1.60	32⅝	4.9
Aircraft Radio Corp. — Communication and navigation equipment	20	0.75	10⅜	7.2
Alabama Mills — Staple cotton goods	12	0.65	8½	7.6
Alamo National Bank (San Antonio)	18	1.20	48	2.5
Albers Super Markets — 62 stores in Midwest	12	1.25	42	3.0
Albuquerque National Bank (New Mexico)	21	6.00	335	1.8
Allied Paper Mills (Mich.) — Specialty papers	10	2.25	33½	6.7
Allis (Louis) Co. — Generators & elec. motors	*17	3.50	‡42¾	8.2
American Air Filter — Filters and miscellaneous heating and ventilating equipment	19	1.20	29¾	4.0
American Auto Insurance — Diversified insurance	20	2.00	60¼	3.3
American Barge Lines Co. — Operates on Ohio and Mississippi Rivers	13	1.75	24⅝	7.1
American Box Board — Boxes and containers	13	1.525	24⅝	6.2
American Dist. Teleg. — Signal service protection against fire, burglary and holdup	51	1.25	29	4.3
American Enka Corp. — Manufacture rayon and nylon yarns and fibers	20	2.00	37½	5.3
American Equitable Assur. — Diversified insurance	20	1.60	35⅛	4.6
American Express Co. — Money orders; travelers' checks	72	1.05	22	4.8
American Felt Co. — All kinds of felts	15	1.25	18	6.9
American Fidelity & Casualty — Diversified insurance	16	1.20	29¼	4.1
American Forging & Socket — Auto body hardware	11	0.85	8	10.6
American Furniture — Large furniture manufacturer	14	0.20	2¾	7.3
American General Insur. Co. — Fire, auto, marine	25	1.40	‡52	2.7
American Hair & Felt — Misc. hair & felt products	12	1.25	12¾	9.8
American Hardware — A leading producer of hardware	52	0.50	13½	3.7
American Hoist & Derrick — Hoists, cranes, cargo equip.	14	1.30	14½	9.0
American Insulator (Del.) — Plastic mouldings	13	0.80	9¼	8.6
American Insur. (Newark) — Diversified insurance	81	1.15	30⅝	3.8
American Locker, Class B — Maintains lockers in public terminals	11	0.45	‡5¾	7.8
American Maize Products — Manufactures various corn products	*26	1.65	24½	6.7
Amer. Natl. Bank & Trust Co. (Chattanooga)	*29	2.00	55	3.6
American National Bank of Denver	19	6.00	135	4.4
Amer. Natl. Bk. Tr. (Chic.)	19	6.00	298	2.0
American National Bank (Indianapolis)	12	1.00	26	3.8
Amer. Piano Corp., Class B — Retails pianos, organs, etc., in Boston	14	1.00	13½	7.4
American Pipe & Construct'n — Boilers, tanks, pipelines	15	1.00	19½	5.1
American Pulley — Power transmission and other equipment	14	†1.17	17	6.9
American Re-Insurance — Diversified insurance	32	†0.75	27	2.8

*Details not complete as to possible longer record.
†Adjusted for stock dividends, splits, etc.
‡Earlier quotation. June 30 figure not available.

Continued on page 24

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Market Prognosticator's Dilemma

By AUGUST HUBER

Spencer Trask & Co., New York City

August Huber

So you want to forecast the market?
Well, that should be easy to do,
You need only answer some questions
And these are simple and few.

First, what will future earnings be?
These depend on minor things
Like volume, profit margins and taxes
And general industrial swings.

Production is the lifeblood of a nation,
To create, produce and consume
Results in wages, employment and profits
And dispels economic gloom.

So—is general business going to be good
Or is it headed for a relapse;
Are inventories too high or too low—
Will the price structure hold or collapse?

Will selling prices go up or go down
As operating costs go vice versa
Will profit margins be effectively squeezed
Making the earnings trend adverser?

Will industry be really active,
And the price adjustments made
For worthwhile profits to be shown
And heartwarming dividends paid?

Or will the favorable profits
That these healthy conditions beget
Be swept away by taxes
To carry Government debt?

Now that you've cleared up this much
You haven't much farther to go;
Just a few more important answers
That you really have to know.

Will politics be a hindrance
To our economic machine;
Will Governmental changes
Turn the fat years into lean?

Will class hatred be promoted,
People feeling bitter and acting small,
Or will we be successful and build
Honor and trust among all?

Then you simply determine to the day,
When our foreign troubles will end,
Can the U. S. bring order out of chaos,
How much money will we spend?

What sort of a world will finally result?
Will the UN clear the way;
Will world problems raise basic questions
Bringing trouble at a later day?

Is Europe going to be Communistic?
Will Malenkov ever be a good guy,
Or will he take over in a major way
And spit in Democracy's eye?

These questions all bear a certain weight
On future stock market trends,
When you get the simple answers—
You can forecast what the future portends.

Now you've decided just what will happen,
You're a genius—all answers are right;
The market can move only one major way
Like a missile projected in flight.

But the market starts going the other way,
Though all difficulties you had surmounted,
"How could this be?" you cry aloud,
Unaware it had all been "discounted."

OVER-THE-COUNTER MARKETS

Our Trading Department maintains primary markets in a broad list of over-the-counter issues. These markets are national in scope through the wire system to our branch offices and the following correspondents:

BARNES, BODELL & GOODWIN
New Haven, Connecticut

ROBERT C. BUELL & CO.
Hartford, Connecticut

FIRST CALIFORNIA CO.
San Francisco & Los Angeles, Cal.

LOEWI & CO.
Milwaukee, Wisconsin

RAUSCHER, PIERCE & CO.
Dallas & Houston, Texas

ROGERS & TRACY
Chicago, Illinois

SCHERCK, RICHTER CO.
St. Louis, Missouri

J. C. WHEAT & CO.
Richmond, Virginia

EASTMAN, DILLON & CO.

Continued from page 23

Investment Opportunities in the World's Largest Market

	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
American Screw Screws and bolts	55	3.50	41¼	8.5
American Surety Co. Diversified insurance	20	3.00	68¼	4.4
American Thermos Bottle Co. Vacuum ware	20	1.50	16¾	9.0
Amer. Trust (Charlotte, N.C.)	52	2.50	89	2.8
Amer. Trust (S. F.)	18	1.40	37½	3.7
American Wringer Washing machine parts	11	0.90	15½	5.8
Ampco Metal, Inc. Diversified bronze alloy products	13	0.40	5⅜	7.4
Anheuser Busch Leading brewer	22	†1.17	30½	3.8
Animal Trap Co. of America Large variety of traps	17	0.40	6¼	6.4
Arden Farms Co. West Coast dairy	10	1.00	14¾	6.8
Arizona Public Service Operating public utility	34	0.90	19⅜	4.6
Arkansas-Missouri Power Co. Operating public utility	17	1.11	21½	5.2
Arkansas Western Gas Natural gas distributor	11	1.05	16½	6.4
Arrow-Hart & Hegeman Electric wiring devices and controls	25	3.00	43½	6.9
Art Metal Construction Co. Office furniture	18	2.75	35	7.9
Associated Spring Precision springs	20	1.80	26¾	6.7
Atlanta Gas Light Operating public utility	*17	1.20	23⅝	5.1
Atlantic National Bank (Jacksonville)	*30	†0.83	25	3.3
Atlantic Steel Nails, wire, fencing	20	2.00	‡44	4.5
Auto Finance Co. Finances autos, trucks, tractors & trailers	*17	†1.42	40	3.6
Automobile Insur. (Hartford) Diversified insurance	25	1.80	103	1.7
Avondale Mills Cotton fabrics and yarns	50	1.20	20	6.0
Avon Products Cosmetics	35	†1.88	52	3.6
B/G Foods, Inc. Restaurant chain	10	0.75	7⅝	9.8
Badger Paper Mills Sulphite pulp and paper	20	3.00	‡60	5.0
Baltimore Natl. Bank (Md.)	15	1.75	46	3.8
Bangor Hydro-Electric Operating public utility	29	1.80	32½	5.5
Bank of Amer. NT&SA Nation's largest bank	22	1.60	36⅜	4.4
Bank of California, N. A.	74	2.25	60¾	3.7
Bank of the Commonwealth (Detroit) Formerly Commonwealth Bank	17	†4.38	153	2.9
Bank of the Manhattan Co.	107	1.65	36⅞	4.5
Bank of New York	169	19.00	400	4.8
Bank of Virginia (Richmond)	29	†0.82	22	3.7
Bankers & Shippers Insur. Diversified insurance	29	2.50	64	3.9
Bankers Trust Co., N. Y.	50	2.20	51¾	4.3
Barcalo Mfg. Co. Furniture and mechanics' hand tools	13	0.48	6	8.0
Bareco Oil Co. Microcrystalline wax	11	0.25	4⅞	5.12
Barnett National Bank (Jacksonville)	*44	†5.10	300	1.7
Bassett Furniture Industries, Inc. Complete line of domestic furniture	*18	0.75	11¾	6.4
Baxter Laboratories, Inc. Pharmaceuticals	20	0.49	15	3.3
Baystate Corp. Holding company, banks	27	1.90	38	5.0
Belknap Hardware & Mfg. Hardware & furniture wholesaler	26	1.00	‡13¼	7.5
Belmont Iron Works Designer and erector, structural steel	19	3.25	37½	8.7
Belt Rail Road Leased by Indianapolis Union Ry.	64	2.00	36	5.6
Bemis Bros. Bag Co. Sacks and bagging	24	8.00	119½	6.7
Beneficial Corp. Holding company affiliate of Beneficial Loan Corp.	26	0.50	9¾	5.1
Berks County Trust Co. (Reading)	22	1.00	20	5.0
Berkshire Fine Spinning Fine cottons	13	1.00	13¾	7.3
Bibb Mfg. Co. Cotton goods; sheetings, etc.	67	2.00	34½	5.8
Biddeford & Saco Water Co. Operating public utility	33	5.00	‡99	5.1
Bingham-Herbrand Forgings, stampings and tools	*11	0.30	8¼	3.6
Birmingham Trust Natl. Bank (Ala.)	10	2.00	‡75½	2.6
Birtman Electric Co. Household appliances	27	1.00	17½	5.7
Black-Clawson (Ohio) Makes paper & pulp mill machinery	22	1.13	13½	8.4
Black Hills Power & Light Operating public utility	12	1.28	22⅜	5.7

*Details not complete as to possible longer record.
†Adjusted for stock dividends, splits, etc.
‡Earlier quotation. June 30 figure not available.

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Investment Opportunities in the World's Largest Market

	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
Blue Bell, Inc.	*10	0.60	‡13½	4.4
"Blue Bell" "Big Ben" & "Casey Jones" work and play clothes				
Boatmen's Natl. Bk. St. Louis	81	2.25	51½	4.4
Boston Herald Traveler Corp.	20	1.20	16¼	7.4
Newspaper publisher				
Boston Insurance Co.	79	1.40	38½	3.6
Diversified insurance				
Boston Real Estate Trust	19	3.00	40	7.5
Mass. Voluntary Assn.				
Boston Wharf Co.	69	1.50	52½	2.9
Real estate, warehouse & storage				
Boston Woven Hose	15	0.60	8⅝	7.0
Rubber & cotton hose & belting				
Boyertown Burial Casket	24	1.00	‡17¼	5.8
Misc. funeral supplies				
Branch Banking & Trust Co. (Wilson, N. C.)	*29	6.00	225	2.7
Bridgeport-City Trust Co. (Conn.)	y101	3.25	67½	4.8
Bridgeport Hydraulic	54	1.60	30¼	5.3
Supplies water to several Connecticut communities				
Brinks, Inc.	17	1.60	27½	5.8
Armored car service				
Bristol Brass	22	1.25	16	7.8
Metal fabricator				
British Mtge. & Trust (Ont.)	*31	10.00	‡220	4.5
General loan and trust business				
Brockway Motor Co.	15	1.50	26	5.8
Heavy and medium trucks				
Brown & Sharpe Mfg.	*18	1.50	17½	8.57
Machine tools				
Bryant Chucking Grinder Co.	20	1.30	‡14¾	8.8
Makes machines for grinding metal surfaces				
Buck Creek Oil	13	0.20	‡3¼	6.2
In Continental Oil group				
Buckeye Steel Castings Co.	16	2.50	21¾	11.5
Steel castings				
Buffalo-Eclipse Corp.	13	1.50	15⅛	9.9
Bolts, nuts, screws				
Bullock's Inc.	24	1.80	27½	6.5
Large California department store chain				
Burdine's, Inc.	15	1.05	14½	7.2
Florida retailer				
Burgess-Manning Co.	10	1.00	22½	4.4
Mufflers and pipeline snubbers				
California Bank (L. A.)	33	1.60	45	3.6
California Oregon Power	12	1.60	28½	5.6
Operating public utility				

Unlisted Companies Which Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 39

California-Pacific Utilities	11	1.40	27	5.2
Operating public utility				
California Portland Cement	27	2.50	68	3.7
Cement and lime products.				
CALIFORNIA WATER SERVICE CO.	23	2.10	37½	5.6
Water supplier				
● See page 45 for advertisement of this company.				
Campbell, A. S.	19	1.20	11¼	10.7
Auto bumpers and grills				
Cannon Shoe Co.	*18	0.45	5¾	7.8
Manufacturer & retailer of shoes				
Carolina Telephone & Telegraph Co.	41	8.00	‡143	5.6
Operates telephone exchanges				
Carpenter Paper Co.	57	1.60	27¾	5.8
Paper warehousing				
Caspers Tin Plate Company	15	0.80	10¼	7.8
Metal sheets for containers				
Central Electric & Gas	12	0.80	13½	5.9
Distributes natural gas, Nebraska and South Dakota				
Central Illinois Elec. & Gas	22	1.60	29	5.5
Operating public utility				
Central Louisiana Elec. Co.	19	1.05	24¾	4.2
Operating public utility				
Central Maine Power Co.	11	1.20	21¼	5.6
Operating public utility				
Central Nat. Bank, Cleveland	12	1.60	31⅝	5.1
Central Natl. Bank & Trust Co. (Des Moines)	17	8.00	265	3.0
Central-Penn Nat. Bk. (Phila.)	126	1.80	36⅞	4.9
Central Soya Co.	12	1.60	31½	5.1
Soybean processor				
Central Steel & Wire Co.	12	2.00	34¼	5.8
Metal processing and dist.				
Central Trust Co. (Cinn.)	19	2.20	55½	4.0
Central Vermont P. S. Corp.	10	0.84	15½	5.4
Operating public utility				
Chambersburg Engineering	17	2.50	33	7.6
Forging hammers, hydraulic presses				
Chapman Valve Mfg. Co.	18	3.00	40½	7.4
Gate valves, fire hydrants				
Charleston Natl. Bk. (W. Va.)	18	2.50	52	4.8
Chase National Bank (N. Y.)	75	2.00	46¾	4.3
p Chemical Corn Exch. Bank	126	†1.91	47½	4.0
Chenango & Unadilla Tel.	28	6.00	19	3.15
Operating telephone company				

*Details not complete as to possible longer record.
††Indicated annual rate since merger.
‡Earlier quotation. June 30 figure not available.
p Data shown is for Chemical Bank & Trust Co. which merged with Corn Exchange Bank Trust Co., effective Oct. 18, 1954, the corporate name now being Chemical Corn Exchange Bank.
y Including predecessors.

Continued on page 26

Continued from page 6

The Long View of Life Insurance Investments

dates, it seems clear that in theory the most stable position can be obtained by investing the growing fund in its earlier years in very long securities with a gradual shortening of term in the investment of successive fund increments. Indeed it may be demonstrated that the earlier growth of the fund for a year's issue should be invested over long (i.e. to mature beyond the most distant contractual obligations) since it is possible in this way to hedge against movements in the interest rate which will relate to the investment of the later growth of the fund. However, the important point to observe is that, if a year's issue is considered by itself and if the fundamental principle of security of performance of contract is borne in mind, most of the investment which occurs must be of relatively long term.

Of course a life insurance company does not consider each successive cohort of issues as a separate investment problem. In practice investments are commingled and relate to all of the company's obligations and therefore the future course of all the business in force is a determining factor in arriving at investment objectives. It is easy to visualize the overall situation in the hypothetical case of a company in a static position in the sense that the level and character of its new issues have not varied for a great many years. In such a case the future fund for its business in force would be of a declining character and the most stable arrangement of its investment portfolio would involve a maturity distribution to match the declines of the fund.

For most companies the realistic situation is far removed from that of a hypothetical static company. Continuing growth and expansion of new issues creates a domination of recent business in the in-force total. In addition the mixture of business has been influenced by recent trends in the direction of pension trust and group annuity contracts involving very long-term commtiments with a high savings element. (As a rough indication of this latter point it may be observed that while life insurance reserves are expanding at about 6% annually, annuity reserves are growing by about 9% annually.) As a result of continuing growth and change of mixture of business the prospective funds for business in force tend to exhibit the characteristics of the fund for a single year's business. This means that, if a company were to abandon new business, it might easily anticipate that its invested funds could go on increasing for say 10 years or more and that it might be 20 or more years hence before the declining funds had returned to their current level.

Quite obviously such a prospective position points to very long-term investment of existing assets and emphasizes the problem of the further future investments for existing business in accordance with guarantees already undertaken. It should also be observed that as new business is added to the business in force the desirable length of term of investment is extended and the commitments to make future investments are magnified. Furthermore, the future investment which will develop from new business cannot be expected to act as a compensating factor in regard to the business in force. In general, the implicit interest assumptions of new business are determined by competitive forces based upon opinion as to future interest rates. Therefore new business should not be counted on to rectify miscalculations related to business in force. However, an exception to this principle does arise where investment for existing business has been made for such a long term that it extends beyond the maturity of the contractual obligations undertaken. Such investment can properly be regarded as anticipating the investment requirements of future new business and of permitting some of the future income from this business to be matched with future outgo on business now in force with the result that future commitments to invest are rendered somewhat less uncertain.

Balancing of the In- and the Out-Flow of Funds

In practice, no company can invest its funds in such a way that the future cash flow of interest and principal from its assets will balance the net cash requirements of its obligations. Indeed, for the typical growing company this is even a theoretical impossibility because its position is such that even if it abandoned new business its funds would continue to increase for a decade or so to the extent of say 25 or 30% and would not return to the level when new business ceased for about another 10 years. This means that virtually all companies are in the position where they cannot insulate themselves completely against changes in interest rates. To the extent that this is not possible and upon the assumption that it is much more important to avoid losses resulting from interest rate changes than it is to attempt to profit from them, there appear to be certain principles of investment policy which are appropriate for a dynamic growing company under today's conditions. Without detailing the underlying reasoning may I summarize these principles as follows:

(1) Normal investment of a life insurance fund implies a distribution of interest and principal payments which will in all future years be sufficient to meet the net cash outgo on the business in force. This is the only policy which can insulate the fund against the adverse effect of changes in interest rates.

(2) An investment position which is shorter than normal endangers the fund if interest rates decline while a longer than normal position is vulnerable if interest rates rise.

(3) There is much greater dan-

Continued on page 26

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Continued from page 25

The Long View of Life Insurance Investments

ger in being too short than in being too long. Short investment and reinvestment can involve a continuing loss of yield with little or no chance to offset the consequences of a fall in interest rates. On the other hand, while an overlong position may involve sales some years prior to maturity, this situation can be advantageous even if interest rates have risen. As well as this, the overlong position anticipates the future normal position resulting from further new business and hedges against the future investment required for further growth of the fund for business already in force.

(4) Practical necessity and investment judgment both dictate departures from a normal investment position. Since these departures involve risks of loss from changes in interest rates, adequate surplus earning power and surplus position are vital prerequisites for these departures. However, it may be noted that an excess of very short and very long investments combined in suitable proportions will be advantageous in the event of any likely form of change in interest rates, while an over concentration of maturities at the mid-point of the normal distribution is almost bound to produce loss in the event of either a rise or fall in interest rates.

The application of the foregoing principles to a typical growing company indicates that a normal investment position would have most of the maturities distributed through the interval from 20 to 40 years hence. The largest departure from normal position would likely be in mortgages which, with an average annual rate of repayment on portfolio of from 5% to 15% depending upon the terms of the mortgages held, must be regarded as quite short dated investments. While mortgage yields make this channel of investment attractive in spite of its short-term character, it is desirable to counterbalance this latter defect by other investment which is extra long. Thus there is room for substantial investment in very long-term bonds and in stocks.

The investment distribution of present assets does not dispose of the problem of the investment of the further growth of the fund for existing business and this problem poses the continuing risk of a decline in interest rates. However, there are some possibilities of minimizing this problem. For example, a preference for low coupon bonds purchased at a discount reduces the amount of further new investment for existing business. An aggressive policy in the sale of immediate annuities, the acceptance of advance premiums and the current offering of attractive settlement options will alter the course of the future fund for existing business in such a way as to minimize future investment for further future growth. This calls for continuing collaboration between investment, agency and actuarial officers. As an example, may I cite the policy of one large company in regard to the sale of immediate annuities. This company has stated recently that it is its practice "to tie single premium immediate annuity rates closely to significant changes in interest rates on new investments" and that "this practice together with other considerations resulted in five different rate bases in the last eight years."

It seems to me that the whole question of term of investment is so important to life insurance companies that pains should be taken to avoid as far as possible those influences which may disturb the desired balance in future cash flow. On the investment side the presence of call provisions and favorable mortgage repayment options can create a continuing threat of loss. During a period of declining interest rates the investment position of a life insurance fund can deteriorate rapidly and substantially through wholesale exercise of call provisions and repayment options. As a general rule it is preferable to make investments which do not contain these uncertain features and, to the extent that this is not possible, to assess the form and period of the options in relation to investment yields. If the relative unattractiveness to the life insurance company of these borrower's options could be reflected adequately in the yields upon acquisition of new investments, it is probable that the very one-sided character of the options might tend to disappear.

It should also be borne in mind that insurance contracts contain options which can disturb severely a balanced investment position. Generous surrender options can embarrass a company when interest rates are high, while generous settlement options can cause corresponding embarrassment when interest rates are low. However, since these options are desirable features of the life insurance contract, the sound course appears to be to exercise sufficient conservatism in the option guarantees so that excessive disturbance in investment position is unlikely to occur. This does not preclude more liberal treatment under circumstances where the investment position is not adversely affected and in particular, the current offering of more favorable settlement options when it is advantageous to augment the investment funds.

The Question of Liquidity

Linked closely with the long-term problem of balanced cash flow is the question of current fluctuations in cash flow and the degree of liquidity which may be entailed as a consequence. In this connection it is interesting to observe that the invested funds of the life insurance companies (either including or excluding policy loans) are growing at an annual rate of about 7% which, combined with investment maturities and regular repayments on mortgages, produces a normal net cash inflow to the companies which is of the order of about 1% of total funds each month. While this constitutes the normal level

Continued on page 27

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Continued from page 25

Investment Opportunities in the World's Largest Market

	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
Chicago City Bk. & Trust Co.	19	5.00	‡107	4.7
Chicago Mill & Lumber Wood boxes	14	†1.55	19⅛	8.1
Chicago Title & Trust Co.	19	3.30	59	5.6
Chilton Co. Publisher of business magazines	17	1.00	20	5.0
Christiana Secur. Co. Holding company	*29	303.00	9200	3.3
Citizens Commercial & Savings Bank (Flint, Mich.)	18	†2.50	93	2.7
Citizens Fidelity Bank & Tr. (Louisville)	34	†3.86	104	3.7
Citizens Natl. Trust & Savings Bank (Los Angeles)	61	2.65	68	3.9
Citizens Natl. Trust & Savings Bank (Riverside, Cal.)	50	1.60	42	3.8
Citizens & Southern National Bank (Savannah)	29	1.35	35½	3.8
Citizens & Southern National Bank of S. C. (Charleston)	14	1.20	35¼	3.4
Citizens Utilities Serves West Coast and New England communities	15	†0.43	17¾	2.4
City National (Houston)	19	2.00	54	3.7
City National Bank & Tr. Co. (Chicago)	13	†1.83	66	2.8
City Natl. Bank & Trust Co. (Columbus, Ohio)	19	†0.40	26	1.5
City National Bank & Tr. Co. (Kansas City)	*26	0.40	68	0.6
Clearing Machine Corp. Power presses	16	0.80	11	7.3
Cleveland Trust Co.	18	6.00	215	2.8
Coca-Cola (Los Angeles)	30	1.50	28½	5.3
Coca-Cola (New York)	15	2.00	56	3.6
Coca-Cola (St. Louis)	26	1.35	22¼	6.1
Collyer Insulated Wire Supplies utilities and construction industries	36	2.00	28½	7.0
Colonial Stores Retail food stores in South	13	2.00	41¾	4.8
Colonial Trust Co. (Pittsb'gh)	*29	9.00	300	3.0
Colorado Central Power Co. Electric light & power supplier	20	1.16	24⅜	4.8
Columbia Baking Co. Southeastern baker	18	1.00	22½	4.4
Commerce Trust (K. C.)	18	2.00	57	3.5
Commerce Union Bank (Nashville)	*29	†0.90	37½	2.4
Commercial Shear. & Stamp. Structural steels	18	†0.98	12½	7.8
Commercial Trust Co. of New Jersey (Jersey City)	49	3.00	54	5.6
Commonwealth Trust Co. (Pittsburgh)	29	7.00	230	3.0
Concord Elect. (New Eng.) Operating public utility	49	2.40	36½	6.6
Connecticut Gen. Life Insur. Diversified insurance	76	2.10	345	0.6
Connecticut Light & Power Operating public utility	*35	0.90	17	5.3
CONNECTICUT POWER CO. Electric & gas public utility ● See page 31 for advertisement of this company.	39	2.25	40	5.6
Consolidated Lobster Co. Largest lobster distributor	21	0.20	9½	2.1
Consolidated Naval Stores Holding co., diverse interests	21	6.00	300	2.0
Consolidated Rendering Co. Fertilizers, hides and pelts	19	4.00	48½	8.2
Consol. Water Pwr. & Paper Enamel book paper	20	1.33	32½	4.1
Continental Casualty Diversified insurance	20	2.80	134	2.1
Continental Gin Mfrs. cotton ginning equipment	54	3.00	‡39	7.7
Continental Ill. Nat. Bk. & Tr.	19	4.00	94½	4.2
Continental National Bank (Fort Worth)	19	2.00	21	9.5
Cornell Paperboard Products Wall & paperboard & containers	14	1.00	14¾	6.8
County Bank & Trust Co. Paterson, N. J.)	85	3.50	80	4.4
County Trust (White Plains)	*29	†1.95	90	2.2
Creamery Package Mfg. Creamery, dairy, ref. machinery	66	1.50	27¾	5.4
Crompton & Knowles Loom Wide variety of looms	15	0.50	14½	3.4
Crown Life Insurance Co. Life, accident and sickness; also annuities	*28	20.00	‡1250	1.6
Cutter Laboratories Biologicals and pharmaceuticals	28	0.40	‡11½	3.5
Dahlstrom Metallic Door Co. Doors, mouldings, cabinets	12	0.90	10½	8.6
Dallas National Bank (Texas)	51	2.40	74	3.2
Dallas Railway Terminal Local transit facilities	12	a1.40	9¾	14.4
Dan River Mills, Inc. Textile manufacturing & finishing	10	1.00	13⅜	7.5
Dayton Malleable Iron Co. Iron and steel castings	15	1.75	17½	10.0
Delaware Railroad Co. Leased & operated by P.R.R.	55	2.00	43	4.7

*Details not complete as to possible longer record.
†Adjusted for stock dividends, splits, etc.
‡Earlier quotation. June 30 figure not available.
a In consideration of valuable concessions made by Dallas, Texas, the company agreed, effective July 7, 1954, not to pay annual dividends of more than 70 cents a share for a period of 5 years.

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Investment Opportunities in the World's Largest Market

	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
Delta Electric Co. Auto and bicycle lamps and horns	17	1.05	13¾	7.6
Dennison Manufacturing Co. Voting Com. Tags, labels, seals & paper packaging materials	12	1.40	18¾	7.0
Dentist's Supply (N. Y.) Artificial teeth and other dental supplies	*28	1.00	14½	6.9
Denver Natl. Bank (Denver)	*30	1.20	33¼	3.6
Derby Gas & Electric Connecticut oper. utility	12	0.70	‡23¼	3.0
Detroit & Canada Tunnel Owns and operates international tunnel	13	1.60	30¾	5.2
Detroit Harvester Auto parts & farm equip.	19	1.20	14⅝	8.2
Detroit International Bridge Operates bridge to Windsor	10	†0.875	18⅜	4.8
Dewey & Almy Chemical Sealing compounds, adhesives	19	0.90	27⅛	3.3
Dictaphone Corp. Dictating & transcribing machines	29	4.00	68	5.9
Dime Bank (Akron)	19	2.00	48½	4.12
Discount Corp. of New York Discounts acceptances	*22	12.00	158	7.6
Dixie-Home Stores Grocery chain	17	1.10	26	4.2
Dixon (Joseph) Crucible Co. Crucibles, graphite, paint	15	2.50	60½	4.1
Doeskin Products, Inc. Tissues	17	0.75	12½	6.0
Dollar Savings & Trust Co. (Youngstown)	12	4.00	83	4.8
Douglas & Lomason Co. Auto moldings, stampings, hardware	18	0.70	7¼	9.7
Drackett Co. Soybean products, "Drano," "Windex"	*21	0.40	5⅞	6.8
Dravo Corp. Heavy engineering projects, marine equipment	15	2.40	44	5.5
Drexel Furniture Co. Quality furniture	*17	0.90	16½	5.5
Drovers Natl. Bk. (Chicago)	*29	0.80	19	4.2
Duff-Norton Industrial jacks and lifting equip.	64	3.00	31½	9.5
Dun & Bradstreet Credit and marketing reporting	19	2.00	37¼	5.4
Durez Plastics & Chemical Phenolic plastics and related chemicals	15	1.00	27	3.7
Duriron Co. Corrosion resistant equip.	14	0.70	11¾	6.0

Unlisted Companies Which Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 39

	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
Eastern Racing Assn. Suffolk Downs	13	0.28	4	7.0
Eastern Utilities Associates Holding company, New England interests	26	2.00	32¾	6.1
Edison Sault Electric Co. Operating public utility	18	0.55	11¼	4.9
Edison (Thomas A.) Class B Batteries, dictating machines, aircraft and industrial instruments	30	†1.19	23	5.2
El Paso Electric Co. Texas operating utility	*26	1.50	32	4.7
El Paso Natl. Bank (Texas)	20	2.40	‡66	3.6
Emerson Drug of Baltimore Bromo-Seltzer	63	1.00	14¼	7.0
Empire Southern Gas Co. Natural gas public utility	12	†1.00	19¼	5.2
Empire Trust (N. Y.)	48	3.00	135	2.2
Employers Reinsurance Corp. Diversified insurance	40	1.80	62½	2.9
Equitable Security Trust Co. (Wilmington)	*29	3.50	76	4.6
Equitable Trust Co. (Balti.)	*29	†0.90	39½	2.3
Erie & Kalamazoo RR. Leased by New York Central	41	3.25	52	6.3
Exolon Co. Abrasives & refractories	*18	1.10	13½	8.1
Fafnir Bearings Bearings & related equip.	38	2.40	38	6.3
Fairmont Foods Food processor and distributor (frozen and other foods)	50	0.75	18½	4.1
Fanner Mfg. Manufactures chaplets and chills for foundries	41	†0.74	10⅝	7.0
Farmers & Merchants Bank of Long Beach (Calif.)	19	†2.40	70	3.4
Farrel-Birmingham Castings, gears, etc.	19	2.25	32¾	6.9
Faultless Rubber Misc. rubber goods, sponges	29	1.15	21	5.5
Federal Bake Shops, Inc. Retail baking chain	18	0.65	7⅛	9.1
Federal Compress & Warehse. Cotton compress and warehousing	28	2.25	43	5.2
Federal Insurance Co. Marine and other types	52	0.70	31¼	2.2
Federal Screw Works Screws and machines	13	1.50	17¼	8.7

*Details not complete as to possible longer record.
†Adjusted for stock dividends, splits, etc.
‡Earlier quotation. June 30 figure not available.

Continued on page 28

Continued from page 26

The Long View of Life Insurance Investments

of new investment, it is considerably augmented by sales and redemptions of securities and special mortgage repayments, so that the gross level of new investment is about 1½% monthly.

Most elements of the cash inflow can be predicted within narrow limits on a monthly basis for 12 or more months in advance. It is important to note in this connection that new business (except for single premium business) has very little influence on cash flow for a period of a year or more after it is written, while current fluctuations in death claims, surrenders and policy loans under most conditions are of small magnitude in comparison with the high level of cash flow. Indeed it may be recalled that the very heavy demand for surrenders and loans in the early thirties was insufficient to cause a reversal of cash flow and that assets (even excluding policy loans) continued to increase. Under today's conditions the presence of statutory delaying provisions for surrenders and policy loans, the fact that increasing proportions of policy funds are in the form of nonwithdrawable pension reserves, and the widespread prevalence of unemployment insurance, all combine to lessen the likelihood of an extremely heavy demand for surrenders and loans. It would seem that the only important unpredictable elements in current cash flow are excessive security redemptions and special mortgage repayments, both of which usually involve premiums or penalties which compensate for lack of notice and which, in any event, operate to increase cash flow rather than to reduce it.

The foregoing observations point to the conclusion that the circumstances of the life insurance business are not such as to require a significant liquid position with the consequent loss of yield which this entails. Why then do the life insurance companies consistently maintain balances of cash and very short-dated government securities (due or callable in less than one year) which together fluctuate narrowly around an average level of 2% of assets for all companies combined? Why would it not be better to operate in a continuing flexible overdraft position with banking accommodation obtained for the purpose at interest rates comparable to those obtainable on new investment? Such a course of action involving "borrowing short" and "investing long" would contribute to the solution of the long-term investment problem of the growing life insurance fund. From the short-term point of view it would anticipate the investment of normal net cash inflow by a month or two rather than maintaining a continuing "liquidity lag" of about two months in new investment. In the process the direct cost of the present liquidity policy (which amounts to about six cents in yield or about $50,000,000 annually for all companies) would be avoided. In addition it may be permissible to assume that selection of new investment against a flexible overdraft position rather than against idle cash would tend to result in a more satisfactory combination of yield and term of investment.

Of course, it should be pointed out that it is common practice for the life insurance companies to make substantial forward commitments for new mortgage and security investment and that since these commitments cover many months of normal net cash inflow, it is desirable to maintain a liquid position to provide for irregularity in commitment outgo and variations in actual as compared with estimated cash inflow. However, the high degree of predictability of cash inflow over the normal period of future investment commitment and the use of specialized short-term investment (such as secured notes) to cover unusually high commitments, would indicate that current cash position is not of great importance in providing for future investment commitments. As well as this, it may be observed that a flexible overdraft position and a predictable cash inflow can in conjunction cover a heavy program of commitments with provision for emerging variations in cash inflow and for most of the irregularities in cash outgo for new investment.

Another obvious reason for the maintenance of a significant cash position is the desire to take advantage of unusually attractive investment opportunities when they arise. However, a study of the monthly movements of the companies' cash and short-term government positions over the last several years and, in particular, the movements during the course of the shifts in the bond market in 1953, does not indicate anything more than very modest use of cash to take advantage of special investment opportunities. Certainly the limited advantage taken could not have produced a difference in purchase price through timing of new investment which came anywhere close to compensating for the loss of income on the average liquidity position maintained through the period.

Of course, there are other arguments in favor of substantial liquidity such, for example, as the high gross cash turnover of the companies in relation to the size of their bank accounts and the difficulties in relation to banking arrangements and charges which any other liquidity policy might entail. However, the combination of a regularly growing fund requiring long-term interest yielding investment together with accurately predictable short-term cash flow, puts almost every company in the position where it should be reassessing continually the liquidity policy which it pursues not only in terms of the costs involved but also in relation to the stability of the company's investment position.

There is some indication that those companies in the asset range of $200,000,000 to $1,000,000,000 tend to operate with considerably narrower cash positions than either the smaller or larger companies, presumably because they do not have the less predictable

Continued on page 28

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Continued from page 27

The Long View of Life Insurance Investments

fluctuations of the small companies nor the investment difficulties attendant upon the immense cash flows of the giant companies. One such company, with assets in the middle range, has shown a net bank overdraft in its balance sheet at the last two year-ends. At the end of 1953, when the size of the overdraft was somewhat more than 1% of assets, this company, in commenting on the overdraft stated in its annual report that "Under this arrangement the company has been able to take full advantage of attractive investment opportunities, particularly in the mortgage field. In addition, uninvested funds which normally accumulate in the slack building months of the winter, are kept to a minimum."

Common Stocks as Life Insurance Investments

In recent years there has been considerable debate as to the merits of the investment of life insurance funds in common stocks in order to provide policy benefits of more stable purchasing power in relation to a changing currency value. I do not propose to engage in this debate today beyond stating my view that the present stature of life insurance and the esteem in which it is held rest upon its demonstrated ability to deliver specified numbers of dollars in accordance with the provisions of its contracts. Of course this means that life insurance contracts are best suited to stable currency conditions and therefore that life insurance companies should be continuing advocates of stable currency. I believe that life insurance would have much more to lose than to gain by endeavoring to adapt its contractual obligations to changing currency values except possibly to a very limited extent in relation to policy dividends.

If life insurance is to continue in its course of providing fixed dollar benefits, security of performance of contract is not compatible with significant common stock investment, for while the long-term character of common stockholdings fits the needs of the life insurance fund the variability of dividends or of prices in the event of sale do not. However, there is a logical purpose for common stock investment which seems to be overlooked in discussions of the subject and since this purpose is an important one I should like to describe it.

In life insurance company balance sheets the policy reserves consist of the present value of future benefits less the present value of future net premiums, both calculated under appropriate and safe assumptions as to interest and mortality. In the valuation process the future loadings are ignored as is likewise the case with the future expenses on business in force, which are assumed to absorb all or most of the future loadings. The point which is overlooked is that the present value of future loadings which is assumed to offset the present value of future expense is a valuation of specific future loading dollars while the present value of future expense involves assumptions as to the wage and price levels which will obtain when the expense is incurred.

It is true that part of this future expense (e. g., commissions and taxes) is not highly sensitive to changes in currency values. However, if commissions, taxes and all other expenses directly related to new business are omitted, it still would appear that with branch office operation the remaining administrative expense is of the order of about 10% of premiums in magnitude and that the present value of the administrative expense, which the reserve calculations implicitly assume will be paid for from future loadings, amounts to something more than a year's premium income for a typical company. With the relationship of premiums to assets which obtains for all companies taken together, the indicated value of this present value is about 15% of assets. Thus one might amend a company balance sheet by reducing the policy reserves by about 15% of assets through the process of deducting the present value of that portion of future loadings which are assumed to offset the present value of future administrative expense (other than taxes, commissions and direct new business expense) and by adding a special liability (of the same amount as the deduction in reserves) to provide for the company's future obligations to administer its business in force.

It should be borne in mind that such a special liability would not relate to expenses which are insensitive to changes in currency values nor to expenses to be borne by future new business. The liability would cover the present value of the estimated future cost of administration related to the business now in force. But since these future costs will be determined in very large part by the price and wage levels of the future, the course of prudence would appear to dictate an investment policy in relation to this liability which is designed to ensure, as far as possible, the dollars required to pay for the future administrative services which the company has undertaken to perform.

Without pursuing the question in detail, it may be observed that the problem is similar to that of providing a group of annuitants with annuities of stable purchasing power and the recent research of the Teachers' Insurance and Annuity Association on this latter problem indicates an investment policy which provides for roughly an equal division between debt securities, and common stocks. Thus a special liability for future variable administrative expense of about 15% of assets might properly be covered to the extent of about half its magnitude by the investment of about 7 or 8% of assets in common stocks. Properly speaking this latter total should embrace company owned and occupied real estate which is not only a form of equity investment but also makes direct provision for a portion of the future administrative expense.

It should be noted that the suggestion of a level of common stock investment amounting to 7 or 8% of assets for the purpose of more certain coverage of future administrative expense in no way does violence to the concept of fixed dollar policy benefits provided for by fixed dollar investments. In-

Continued on page 29

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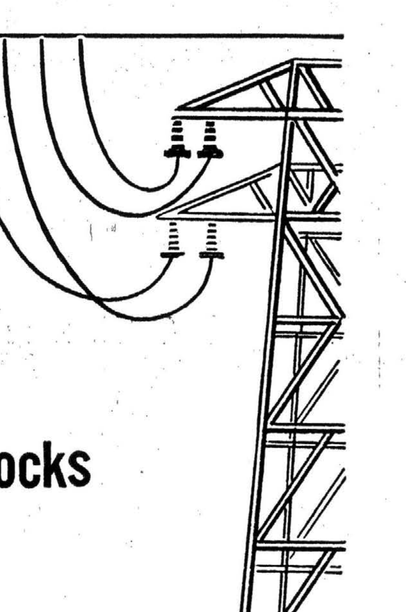

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Investment Opportunities in the World's Largest Market

Continued from page 27

	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
Federal Trust Co. (Newark)	10	1.00	26½	3.8
Ferry Cap & Set Screw Co.	14	0.80	7¾	10.3
Screws and bolts				
Fidelity-Philadelphia Trust	88	3.10	64	4.8
Fidelity Trust Co. (Balti.)	*29	3.00	69	4.3
Fidelity Union Tr. (Newark)	*33	2.40	53¾	4.5
Fifth-Third Un. Tr. (Cinn.)	17	2.00	54¾	3.7
Fireman's Fund Insur. Co.	46	†1.45	63	2.3
Western fire underwriter				
Firemen's Ins. Co. (Newark)	17	1.00	33⅞	3.0
Diversified insurance				
First Amer. Nat. Bk. (Nashv.)	16	1.40	28½	4.9
First Bank Stock Corp.	26	†1.19	29½	4.0
Holds bank stocks in Minneapolis Federal Reserve District				
First Bank & Trust Co. South Bend)	15	0.90	24½	3.7
FIRST BOSTON CORP.	15	4.00	44½	9.0
Investment banking				
● See page 25 for advertisement of this company.				
First Camden National Bank & Trust Co. (N. J.)	10	1.10	28	4.0
First Natl. Bank (Akron)	15	1.00	26	3.8
First Natl. Bank (Atlanta)	*25	1.60	35½	4.5
First Natl. Bank (Balt.)	26	2.50	51	4.9
First Natl. Bank (Birming.)	11	3.50	84½	4.1
First Natl. Bank of Boston	170	†2.33	51¾	4.5
First Natl. Bank (Chicago)	18	8.00	289	2.8
First Natl. Bank (Cinn.)	29	1.20	39¼	3.0
First Natl. Bank (Dallas)	*24	1.30	33¼	3.9
First Natl. Bank (Denver)	*29	10.00	360	2.8
First Natl. Bank (Ft. Worth)	20	2.00	56	3.6
First Natl. Bank (Houston)	21	1.50	45	3.3
First National Bank (Jackson, Miss.)	20	0.60	?	?
First Natl. Bk. (Jersey City)	91	2.00	38¼	5.2
First Natl. Bank (K. C.)	*31	3.00	105	2.9
First National Bank, Trustee shares, (Louisville)	--	3.80	101	3.8
First National Bk. (Madison)	16	10.50	350	3.0
First Natl. Bank (Memphis)	59	2.40	67½	3.6
First National Bank (Miami)	*29	1.75	48	3.6
First National Bank (Mobile)	*29	4.50	107	4.2
FIRST NATL. BANK (N. Y.)	89	23.00	389	5.9
● See page 30 for advertisement of this bank.				
First Natl. Bank (Omaha)	17	†1.83	52	3.5
First Natl. Bank (Phila.)	29	†1.25	33¾	3.7
First Natl. Bank of Portland	83	1.60	54	3.0
First Natl. Bank (St. Louis)	*35	2.60	54¼	4.8
First Natl. Bank (St. Paul)	90	21.00	375	5.6
First Natl. Bank (Scranton)	*29	2.00	37½	5.3
First Natl. Bk. (Shreveport)	15	2.00	58	3.4
First National Bank (Tampa)	20	1.70	50	3.4
First Natl. Bank Tr. (Tulsa)	15	1.20	27½	4.4
First Natl. Bank (Wichita)	34	8.00	2.40	3.3
First National Bank & Trust Co. (Bridgeport)	13	0.60	13½	4.4
First National Bank & Trust Co (New Haven)	18	4.00	90	4.4
First Natl. Bk. Tr. (Okla. City)	27	1.00	34	2.9
First National Bank & Trust (Paterson)	*29	3.00	64½	4.7
First National Exchange Bank of Roanoke	*28	2.10	59	3.6
First National Trust & Savings Bank of San Diego	19	1.85	37½	4.9
Fitchburg Gas & Elec. Light	*67	3.00	52	5.8
Serves Mass. communities				
Fletcher Trust Co. (Indianapolis)	*31	2.00	50	4.0
Florida National Bank (Jacksonville)	18	‡0.65	37½	1.8
Fluor Corp., Ltd.	11	1.20	22⅝	5.3
Plants for oil, gas and chemical industries				
Foote Bros. Gear & Mach.	13	1.30	15¼	8.5
Gears & transmiss. equip.				
Foote-Burt Co.	25	2.35	47½	4.9
Drilling, reaming, tapping machines				
Foremost Dairies	11	1.30	34¼	3.8
Dairy products and frozen foods				
Fort Pitt Bridge Works	12	2.25	29½	7.6
Structural steel farbication				
Fort Wayne National Bank (Indiana)	19	2.20	‡55	4.0
Ft. Worth National Bank	70	0.25	25	1.0
Fourth Natl. Bank of Wichita	*29	1.00	60	1.7
Franco Wyoming Oil Co.	19	2.20	53¼	4.1
Holding company. Also finances oil developments				
Franklin Life Insurance Co.	12	0.50	66¾	0.7
Participating & non-participating life				
Franklin Process Co.	40	1.75	18½	9.45
Yarn dyers and manufacturers				
Fresnillo Co.	21	§0.25	5	5.0
Mines and treats various metals				
Frick Co.	52	2.25	‡47	4.8
Ref. equip. & farm mach.				
Fuller Mfg. Co.	15	1.20	17¼	7.0
Truck parts				
Fullerton Oil Co.	*18	0.75	‡71¼	1.1
Crude oil, natural gas, gasoline				

*Details not complete as to possible longer record.
†Adjusted for stock dividends, splits, etc.
‡Earlier quotation. June 30 figure not available.
§Less 15% Mexican dividend tax.

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Investment Opportunities in the World's Largest Market

	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
Fulton Bag & Cotton Mills Bags and tents	21	0.40	12	3.3
Fulton Natl. Bank (Atlanta)	*21	1.25	29½	4.2
Galveston-Houston Co. Holding Co. Bus industry	15	1.00	9	11.1
Garlock Packing Co. Mechanical packings, gaskets, asbestos brushes	49	1.25	19	6.6
Gary Natl. Bank (Indiana)	13	6.00	300	2.0
General Controls Automatic controls for pressure and temperature	*15	0.80	16⅜	4.9
General Crude Oil Co. Southern producer	16	†0.10	46	0.2
General Dry Batteries Production and sale of batteries	25	0.60	8¼	7.3
General Industries Co. Plastics; Also makes small elec. motors	14	1.55	19½	7.9
General Reinsurance Corp. All casualty and bonding lines	20	†1.45	44	3.3
Georgia Railroad & Bkg. Co. Holding co. Rail interests	66	7.00	200	3.5
Gerber Products Co. Baby foods	13	†1.40	37½	3.7
Giddings & Lewis Mach. Tool Boring, milling and drilling machines	17	2.55	25	10.2
Girard Trust Corn Exchange Bank (Philadelphia)	117	2.60	58⅞	4.4
Gisholt Machine Co. Turret lathes and tools	19	†1.36	22¾	6.0
Glens Falls Insurance Co. Fire underwriter	88	2.00	69¼	2.9
Globe Steel Tubes Co. Seamless welded tubes	15	†1.45	21¾	6.7
Good Humor Corp. Well-known ice cream retailer	20	†0.23	7⅜	3.1
Grace Natl. Bank of New York	?	6.00	195	3.1

Unlisted Companies Which Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 39

Graflex, Inc. Cameras	*11	0.50	9¼	5.4
Graniteville Co. Cotton fabrics	13	1.80	28	6.4
Great Amer. Ins. Co. (N. Y.) Diversified insurance	81	1.55	38¾	4.0
Green (Daniel) Co. House slippers	*17	5.20	‡67	7.8
Green Giant Co., Class B Vegetable canning & distribution	*30	0.90	17½	5.1
Grinnell Corp. Sprinklers & plumbing equipment	19	3.00	73	4.1
Gruen Watch Co. Watches	13	1.20	11¾	10.2
Guaranty Trust (N. Y.)	62	3.50	67⅛	5.2
Gulf Life Insurance Co. Life & accident	22	0.50	26½	1.9
Gustin-Bacon Mfg. Co. Glass fibre insulation products	16	0.35	20¼	1.7
Hajoca Corp. Building supplies	12	1.50	21	7.1
Halle Bros. Ohio merchandise distributors	39	1.00	22	4.5
Haloid Co. Photo papers, copying processes	25	1.40	66½	2.1
Hamilton Mfg. Wood and steel products	15	0.80	10¼	7.8
Hamilton National Bank (Chattanooga)	*29	10.00	260	3.8
Hamilton National Bank (Knoxville)	20	†6.38	285	2.2
Hamilton National Bank (Washington, D. C.)	18	2.50	100	2.5
Hanna (M. A.), Class B Coal, iron, steel	20	2.00	79	2.5
Hanover Bank (N. Y.)	102	†3.67	88½	4.1
Hanover Fire Insurance Diversified insurance	101	1.80	40⅞	4.4

*Details not complete as to possible longer record
†Adjusted for stock dividends, splits, etc.
‡Earlier quotation. June 30 figure not available.

Continued on page 30

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Continued from page 28

The Long View of Life Insurance Investments

deed performance of contract becomes even more certain since there is a continuing hedge against the impact of inflation upon an administrative expense burden which was contracted for in yesterday's and today's dollars. As well there is a further element of stability which derives from the circumstances that common stock investment of a permanent character is of obviously longer term than the administrative expense liability which it covers. This means that the variability of dividends and market values of the common stocks held can be related to the administrative expense obligation while the long-term characteristic of the stocks can form part of the maturity distribution of the investments held for the policy obligations. Therefore, administrative expense can in fact be met from premium or interest income or from disposal of other assets but variability in the expense due to changing currency values will be roughly offset by the common stock dividend and market movements.

Admittedly the foregoing suggestion as to common stock investment may sound radical, particularly in the light of the fact that for the companies as a whole common stocks together with company owned and occupied real estate amount to only about 1½% of assets—about one-fifth of the suggested level. However, I feel that the purpose involved and the specific nature of the level of common stock investment indicate the justification for a serious study of the proposal at least. In this connection it is very interesting to note that the Canadian federal insurance law which is based upon an intimate knowledge of the operations of Canadian companies permits an investment of 15% of assets in common stocks, a limit which, as I have indicated, approximates to the present value of future variable administrative expense to be paid for from the business currently in force. This 15% limit might be interpreted as permission to invest in common stocks the full amount of a normal liability for variable administrative expense or, alternatively, up to half of an abnormal liability as high as twice the normal which might arise in the case of a rapidly growing company specializing in protective type business.

There is one further suggestion which I should like to make in regard to common stock investment. Many of the best common stocks available today are those of companies with substantial prior commitments in bonds. In such cases it is desirable that, whatever fraction of the total common stock is purchased, there should be a parallel holding of at least a corresponding fraction of the bonds. Any such parallel holding of common stock and bonds may be regarded as an "across the board" part ownership in the enterprise with exactly the same prospects as if the whole of the issuing company's financing were in the form of common stock but with some tax advantage in relation to the bond financing. From the conservative point of view the whole of each "across the board" investment may be regarded as part of the common stock portfolio rather than the residual common stock alone and therefore the equity position may be regarded as considerably greater than appears on the surface.

Life Insurance and Capital Formation

So far I have confined my remarks to the problems of investing life insurance funds in relation to the life insurance business. However, it should constantly be borne in mind that the aggregate funds of the life companies and their continuing turnover and growth are of very great importance in the overall capital formation and financing of the economy. Indeed, in some sectors of the capital markets the influence of life insurance investment policy may be regarded as decisive. This is particularly true of corporate debt financing where for many years the net acquisitions of corporate debt by the life insurance companies have exceeded the net increase in corporate debt outstanding. The rising proportion of corporate debt held by the life companies now approximates to 60% of the total outstanding. As well as this, the route of direct placement of new corporate debt has assumed an importance in volume equal to that of public offerings and the life companies absorb almost the full amount of direct placements. Direct placement has solved two important problems with which the companies have been faced. In the first place it has permitted the largest companies to make the very large single investments which their great size necessitates. In the second place, and more importantly, it has meant that the length of term of investment and the redemption provisions of the loans are much more suitably related to the requirements of life insurance funds. Furthermore, it is interesting to note that in general the characteristics of investment which fit the needs of the life companies are also desirable, or at least acceptable, from the point of view of the corporate borrowers.

While the freedom of the capital markets precludes any such result as one where corporate debt financing in general becomes a direct adjunct of life insurance investment, there is a direct responsibility resting upon the life companies to meet all of the reasonably required corporate borrowing, particularly in the field of longer term debt. The modern corporation is a chief instrument of the system of private competitive enterprise upon which the North American economy rests while the modern life insurance company is predicated in all of its operations upon this same system. The capacity of life insurance to meet the long-term borrowing requirements of corporations already has been amply demonstrated and, in consequence, any failure on the part of life insurance to meet these requirements

Continued on page 31

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Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market seems to be backing and filling waiting for the time when guesses and predictions about how the December refunding is likely to be handled will be more important to the owners of Treasury obligations. To be sure there will be plenty of conferences as to how the December operation could be taken care of, but as usual the Treasury will most likely do what it has decided upon ahead of time. Although it is still a bit early for rumors as to what will be done in the December refunding, it seems as though short-term and intermediate term obligations have the lead as far as an "exchange package" is concerned. A long-term government bond appears to be out as far as the refunding is concerned.

The Government market, according to some specialists, is not likely to get more than a small amount of long-term bonds in the future and these may be floated principally for new money raising purposes.

"Active Ease" to Continue

The money market is expected to stay pretty much on the constructive side because a policy of "active ease" is looked for in the foreseeable future. It seems as though the money market is going to be concerned, not only with the digesting of the new 1⅝% note, but also with the flotation of corporate securities, tax free obligations and mortgages.

Likewise considerable attention is going to be given to preparing the market for the sizable and important refunding operation which will take place near the end of the year. Not to be lost sight of either are the prospects that new money will be raised by the Treasury in the near future, which some believe will be a part of the big year-end operation.

There seems to be a growing feeling among money market specialists that economic conditions will continue to be very important as far as the Government market is concerned. This is expected to be especially true when it comes to the type or kind of securities that will be used by the Treasury in future refundings and new money raising operations. The money market will most likely be kept in much the same condition which it has been, so that mortgage financing can be carried on without any important competition from the Treasury. In addition, the flotation of securities by corporate entities is likely to continue, as well as the offering of revenue obligations and other tax free securities. These issues would not be so well taken if they were to have competition from Government securities.

Since these various issues have an important effect upon the economy of the country, and the business pattern is none too vigorous, it is not expected that the monetary authorities will be inclined to do anything which would interfere with the current position of the money market. As a matter of opinion, it seems as though a certain amount of help by the monetary authorities in order to give the money market a somewhat easier tone would not be entirely unexpected.

December Refunding Must Be "Sweet"

The Dec. 15 refunding is one of the potent forces in the money market at this time. Not only is it a very large one, but it is also important that issues be used which will fit into the pattern which has been in style for some time now. The 1⅝% note was no ball of fire and this was for a relatively small amount of new money. With much larger amounts involved in the December operation, securities that are attractive to the present holders of the maturing issues will have to be offered. This probably means also that the money market will be given some kind of help so that the refunding "package" will be well taken by the owners of the December maturities.

Commercial banks and the Central Banks are important owners of the securities that come due in middle of December. Even though these institutions could turn in the maturing obligations for long-term government securities if they should be part of the late year refunding operation, the deposit banks as well as the Federal Reserve Banks usually stay on the shorter end of the Treasury list.

Accordingly, they seem to prefer those securities that do not have too long a time to run to maturity because of the need for liquidity. Because of this, it is believed that the issues which will be offered in exchange for those that mature in the middle of December will fit the needs of the institutions that must have securities for liquidity. This would seem to indicate that short-term or intermediate term securities would be the ones to be expected in the next refunding. A token issue of long-term government bonds for new money purposes might not, however, be unexpected. This would no doubt be predicated upon the business picture and public pension funds need for such an obligation.

THE FIRST NATIONAL BANK

OF THE CITY OF NEW YORK

Report of Condition

At the Close of Business September 30, 1954

RESOURCES

Cash and due from banks		$152,139,101
Loans and discounts		210,224,084
United States Government securities		194,585,581
Stock of Federal Reserve Bank		3,900,000
State and Municipal securities		53,932,278
Other securities		81,981,403
Customers Liability on Acceptances outstanding		2,500,000
Banking House		4,125,930
Other assets		40,888
		$703,429,265

LIABILITIES

Capital	$ 30,000,000	
Surplus	100,000,000	
Undivided Profits	13,266,903	$143,266,903
Dividend payable October 1, 1954		1,500,000
Reserve for taxes and assessments		5,095,637
Acceptances outstanding		2,500,000
Other liabilities		227,096
Deposits: U. S.	$ 31,359,919	
Banks	99,221,510	
All other	420,258,200	550,839,629
		$703,429,265

U. S. securities pledged to secure public and trust deposits, to qualify for fiduciary powers and for other purposes, as required by law, and loaned against other collateral...... $62,153,122

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Charles A. Goodwin Adds

(Special to THE FINANCIAL CHRONICLE)

SALEM, Ore.—Charles D. Roblin has been added to the staff of Chas. A. Goodwin & Co., Masonic Building.

Murphey Favre Adds

(Special to THE FINANCIAL CHRONICLE)

SPOKANE, Wash. — Robert D. Storch has been added to the staff of Murphey Favre, Inc., Spokane and Eastern Building.

Now With Braun, Monroe

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis. — John F. Monroe, Jr. is now with Braun, Monroe and Co., 735 North Water Street. Mr. Monroe was previously with Ira Haupt & Co., N. Y.

Four With Standard Inv.

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Robert D. Burgener, David M. Difley, Milt Feld and Calvin Rosen have become associated with Standard Investment Co. of California, 721 East Union Street.

Continued from page 29

Investment Opportunities in the World's Largest Market

	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
Hanson Van Winkle Electroplating and polishing equipment	*11	†0.56	11	5.1
Harris Seybold Printing machinery	13	†1.95	34¾	5.6
Harris Tr. & Svgs. Bk. (Chic.)	46	12.00	400	3.0
Harrisburg Steel Corp. Printing machinery	15	†1.50	20⅜	7.4
Harshaw Chemical Industrial chemicals	22	2.00	39½	5.1
Hart-Carter Grain handling equipment	14	0.40	51⅛	0.8
Hart & Cooley (Conn.) Holding Co.; mfg. stocks	*35	2.30	‡36	6.4
Hartford-Conn. Trust Co.	76	4.375	91	4.8
Hartford Fire Insurance Diversified insurance	81	†2.55	169	1.5
Hartford Natl. Bank & Trust	27	1.20	32¼	3.7
Hartford Steam Boiler Insp. Boiler and machinery insurance	83	1.80	76	2.4
Harvard Trust (Cambridge)	*29	2.25	46	4.9
Hathaway Mfg. Co. Nylon & rayon products	21	4.50	42	10.7
Haverhill Electric Co. Operates in New England	*49	2.70	44½	6.1
Haverhill Gas Light Co. Operating public utility	39	2.30	38½	6.0
Hershey Creamery Produces dairy products in Pennsylvania	22	2.50	36½	6.8
Heywood-Wakefield Co. Maker of furniture	11	3.25	41¼	7.9
Hibernia Natl. Bank (N. O.)	19	1.50	51½	2.9
Hollingsworth & Whitney Specialty papers & pulps	72	2.50	38¼	6.5
Holyoke Water Power Operating public utility in Mass.	83	1.00	19¼	5.2
Home Insurance Co. (N. Y.) Diversified insurance	80	2.00	45¼	4.4
Hoover Co. Vacuum cleaners	11	1.30	18	7.2
Hotel Syracuse, Inc. 606 rooms	10	2.65	‡44½	6.0
Hotels Statler Co. Well-known chain	15	†0.98	44½	2.2
Houston Natural Gas Corp. Southern Texas utility	18	1.00	24½	4.1
Houston Oil Field Material Drilling & pumping machinery & tools	11	0.25	5	5.0
Huntington Natl. (Columbus)	42	1.60	42	3.8
Huston (Tom) Peanut Co. Confection and food products.	17	1.35	23	5.9
I-T-E Circuit Breaker Co. Electrical equipment and subassemblies for jet engines and radar	14	†1.23	32	3.8
Idaho First Natl. Bank (Boise)	20	0.60	23	2.63
Ideal Cement Co. Leader in the industry	42	1.50	56½	2.7
Imperial Paper & Color Co. Wallpaper and pigment colors	20	1.00	17¾	5.6
Indiana Natl. Bk. (Ind'polis)	89	†9.92	265	3.7
Indianapolis Water Co., Cl. A. Operating public utility	13	0.80	24	3.3
Industrial Bank of Commerce (New York)	19	2.00	35¼	5.7
Industrial Natl. Bk. (Detroit)	13	1.60	36½	4.4
Intern'l Cellucotton Prods. "Kleenex," and related products	21	1.875	46¾	4.0
International Holdings, Ltd. Investment trust—hydro-electric interests	15	0.80	15⅝	5.1
Interstate Co. Restaurant chain	10	0.30	2¾	10.9
Iowa Public Service Co. Electricity supplier	15	1.40	26⅜	5.3
Irving Trust Co. (N. Y.)	48	1.20	24⅞	4.8
Jahn & Ollier Engraving Co. Photo-engravings	20	0.20	2⅜	8.4
Jamaica Water Supply Co. Long Island water supplier	36	1.80	32½	5.5
Jantzen, Inc. Popular sportswear	14	†0.76	22¾	3.3
Jefferson Electric Co. Transformers, fuses, electric clocks	20	0.40	6¼	6.4
Jefferson Standard Life Ins. Life insurance	41	†0.80	71	1.1
Jersey Insur. Co. of N. Y. Diversified insurance	21	1.60	38	4.2
Jervis Corp. Refrigerators & stove hardware	15	1.00	9¼	10.8
Johansen Bros. Shoe Co. Shoes for women	15	0.25	2¾	9.0
Johnson Service Co. Temperature & air conditioning controls	*19	4.75	95	5.0
Jones & Lamson Machine Co. Lathes, grinders, comparators, threading dies	14	3.25	52	6.3
Joseph & Feiss Co. Mfrs. men's clothing	15	1.00	‡10¼	9.8
Kalamazoo Veg. Parchm't Co. Paper products for food industry	28	†0.95	23¼	4.1
Kansas City Life Ins. Co. Non-participating life	*30	4.50	905	0.5
Kansas Gas & Electric Co. Operating public utility	32	2.00	43	4.7

*Details not complete as to possible longer record.
†Adjusted for stock dividends, splits, etc.
‡Earlier quotation. June 30 figure not available.

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Investment Opportunities in the World's Largest Market

	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
Kansas-Neb. Natural Gas Co.	17	1.20	25¼	4.8
Gas distributor				
Kanawha Valley Bank (Charleston, W. Va.)	*29	8.00	175	4.6
Kearney & Trecker Corp.	12	1.25	13	9.6
Milling machines				
Kellogg Co. (Battle Creek)	31	1.25	27⅞	4.5
Leader in dry cereals				
Kendall Co.	15	†2.10	37¼	5.6
Surgical dressings, com. textiles				
Kendall Refining Co.	53	1.60	23	7.0
Pennsylvania grade oils				
Kennametal, Inc.	11	1.00	33¾	3.0
Manufactures cemented carbide cutting tools & specialties				
Kentucky Utilities Co.	15	1.06	23¾	4.5
Electricity supplier				
Kerite Co.	22	2.75	36	7.6
Insulated wires & cables				
Kerr-McGee Oil Industries	13	0.60	43¼	1.4
Oil developing & refining				
Kings County Trust (N. Y.)	*29	†8.00	155	5.2
Kinney Coastal Oil	12	0.10	2⅜	4.2
Crude oil producer				
Knudsen Creamery	14	0.70	16¾	4.2
Wholesale dairy products, Southern California				
Koehring Co.	13	2.20	27¼	8.1
Earth moving and construction equipment				
Kuppenheimer Co.	13	1.00	20	5.0
Makes & wholesales men's clothing				
Laclede Steel Co.	42	5.20	63	8.3
Southern Illinois producer of miscellaneous steel products				
Lake Superior Dist. Pwr. Co.	17	2.00	34¾	5.8
Northern Wisc. supplier				
Lake View Trust & Savings Bank (Chicago)	*34	10.00	660	1.5
Lamston (M. H.) Inc.	10	0.40	6¼	6.4
Variety store chain				
Landers, Frary & Clark	67	2.00	27¼	7.3
Household electrical products, etc.				
Lanett Bleachery	24	2.60	‡49	5.3
Dyes & prints cotton goods				

Unlisted Companies Which Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 39

Latrobe Steel	14	†1.98	38½	5.1
High speed, tool & die, stainless steels				
Lawrence Electric Co.	104	1.55	29⅞	5.2
Operating public utility				
Lee (H. D.) Co.	21	3.50	58	6.0
Work and utility clothing				
Leece-Neville Co.	31	0.50	8½	5.9
Starting-light equipment for autos and aircraft				
Leonard Refineries	15	0.43	7	6.1
Michigan oil refinery				
Liberty Loan Corp., Class A	19	1.50	20	7.5
Small loan co., Midwest				
Liberty Natl. Bank & Trust Co. of Louisville	13	2.10	52	4.0
Liberty Natl. Bank & Trust Co. of Oklahoma City	19	1.60	44½	3.6
Life & Casualty Ins. of Tenn.	18	†0.55	28½	1.9
Life, accident & health				
Lincoln Natl. Bank & Trust Co. of Fort Wayne	13	1.80	‡51	3.5
Lincoln Natl. Bank & Trust Co. (Syracuse)	20	1.20	27	4.4
Lincoln Natl. Life Ins. Co.	35	1.75	283	0.6
Life insurance				
Lincoln Rochester Trust Co. (Rochester)	18	†2.21	52½	4.2
Lincoln Stores, Inc.	24	0.80	16	5.0
Dept. store chain in New England				
Lion Match Co.	16	1.15	18½	6.2
Paper matches				
Loblaw, Inc.	15	1.25	50½	2.5
Self-service grocery stores, N. Y. State				
Lock-Joint Pipe Co.	18	40.00	‡680	5.9
Water and sewer pipe				
Loft Candy Co.	11	0.20	2⅞	7.0
Leader in the candy field				
Long-Bell Lumber Co. (Mo.)	10	1.10	17¼	6.4
Large producer of lumber				
Longhorn Portland Cement	17	1.65	27⅝	6.0
Texas producer				
Lousiana Bank & Tr. (N.O.)	20	1.80	45	4.0
Louisville Trust Co. (Kentucky)	11	1.70	42	4.0
Lowell Bleachery	22	1.50	14	10.7
Bleaches and dyes cotton goods				
Lowell Electric Light Co.	*29	3.35	55	6.1
Operating public utility in Mass.				
Ludlow Mfg. & Sales	82	2.15	27½	7.8
Jute and burlap				
Lux Clock Mfg. Co.	30	†1.37	‡21½	6.4
Alarm & novelty clocks				
Lynn Gas & Electric Co.	46	1.60	30¼	5.3
Operating public utility in Mass.				

*Details not complete as to possible longer record.
†Adjusted for stock dividends, splits, etc.
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Continued on page 32

Continued from page 29

The Long View of Life Insurance Investments

could have most pronounced economic and political repercussions.

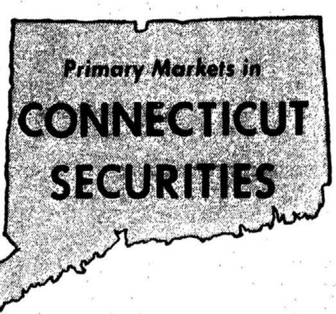
In the allied field of preferred stock financing the position of the life companies is much less important since their holdings account for only about 2% of assets and about 10% of outstanding preferred stock, although this share has shown a considerable upward trend in recent years. However, unless there is considerable alteration in the form of preferred stock financing, with particular reference to call and sinking fund provisions, life company investment in this channel is likely to remain limited, being governed by the particular investment requirements of individual companies and the influence of the relative tax positions of various types of preferred stockholders.

Traditionally mortgages have formed a very important vehicle of life insurance investment and no doubt will continue to do so. However, it is important to observe that although life insurance is one of the leading suppliers of mortgage funds there are other equally important mortgage lenders and life insurance companies hold only some 20% of the total mortgages outstanding. This means that while life insurance companies occupy an important position of leadership in certain sectors of the mortgage field, their general position is a minority one and the terms of mortgage lending are under substantial influence by other lenders. Accordingly, except for specialized lending of various types, it may be expected that life insurance funds seeking mortgage investment must continue to conform to the conditions found in the mortgage market from time to time. However, the relatively attractive yields obtainable from well managed mortgage portfolios make this channel of investment attractive in spite of the fact that the length of term of investment is relatively short and also somewhat uncertain because of prepayment provisions.

The field of state and local government securities is one upon which I do not feel competent to comment, particularly by reason of the radically different tax position in Canada and the United States. However, it may be observed that these bonds form only about 1% of life insurance investment in this country and that life insurance holdings are only about 5% of the total outstanding obligations in this field.

The position of life insurance companies in relation to Federal government securities is a peculiar one. Obviously in times of national emergency the companies must invest very heavily in these securities and entirely apart from the community obligation to do so the companies have no other option because of the scarcity of other suitable investments during emergency conditions. However, in normal operation Federal government securities are not specially suited to the requirements of life insurance investment policy. Local yields, the presence of call provisions and the limited choice of long term maturity dates combine to make this channel of investment unattractive while the movement in Federal government debt in the hands of the public bears little relation to the growth of life insurance funds. As a consequence, the place of Federal government securities in life insurance investment is likely to be a residual one and subject to radical fluctuation. While Federal government securities are currently at the level of about 10% of life company assets, these holdings are only about 3% of outstanding government debt. This means that the characteristics of government borrowing are likely to be governed very largely by the requirements of other lenders and consequently that the life insurance companies (except during emergencies) may be expected to invest in Federal government bonds in accordance with their own convenience and with the prospect of relatively rapid

Continued on page 32



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The Connecticut Power Company

General Office: 266 Pearl Street, Hartford, Connecticut

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Continued from page 31

The Long View of Life Insurance Investments

changes in form and level of holdings from time to time.

There is ample evidence that the life insurance companies realize fully many of the developing problems related to life insurance investment and the necessity of finding new and suitable channels to meet the needs of the users of capital and those of the life insurance funds themselves. The ownership of real estate under long term lease, the open end mortgage, the gigantic hundred-year debentures, the ownership of user-leased transportation equipment are all examples of new developments in investment which are equally suitable to both parties to the transactions. Doubtless further new forms of investment will continue to develop in the future and life insurance will continue to mobilize capital through forms of savings suited to the needs of its policyholders and to convert their capital into forms suited to the needs of the economy.

In this connection there is one further observation which I should like to make. One of my colleagues in a sister company has pointed out that the prospective development of electronic operation in the administration of life insurance policies may have the effect of removing many of the rigidities to which the life insurance contract has always been subject. The result may easily be that life insurance contracts will become ever so much more flexible than they are today and that policy changes may be effected with great facility. Many of these changes will relate to the scales of guarantees and the underlying policy reserves of the companies, and in consequence will affect the future course of invested funds. Such a prospect has important implications for the investment officer since he may be called upon to make continuing forecasts of safe interest assumptions related to future policy commitments and may have to find new and unusual investment methods which are compatible with greater flexibility of contractual obligations. Thus we may be on the verge of requiring the development of new types of investment skills which are very different from those of today and which may be vital to the continuing success of life insurance operation.

In closing may I say that the views which I have endeavored to present today are designed to suggest serious consideration of the problems involved rather than anything in the way of immediate action. Indeed, tradition and government regulations combine to prevent precipitate movement in our business. However, I believe that views which are soundly formulated and wisely considered will result in widespread recognition which eventually translates itself into appropriate action. At an early age I was taught to be liberal in thought and conservative in action. It is a credo particularly suited to the life insurance business and I trust that if in some measure I have shared liberality of thought with you, conservative action may eventuate as a consequence.

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This unique service — whose subscription list is limited to 2,000 — selects and recommends unusual Over-the-Counter stocks that are candidates for extraordinary capital gain over a period of time. Once a Special Situation has been recommended, continuous year 'round supervision is maintained.

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Scott Heads Division In Palsy Campaign

Harold W. Scott, partner in the Stock Exchange and investment banking firm of Dean Witter & Co., and Chairman of the Board of the New York Stock Exchange, has joined the Campaign Committee of the Commerce and Industry Division of United Cerebral Palsy of N. Y. City, it has been announced by Stanley S. Hope, President of Standard Esso Oil Co. and General Chairman of United Cerebral Palsy of New York City's 1954 appeal.

Harold W. Scott

The Commerce and Industry Division has set a goal of $500,000 as its part of the $1,000,000 which United Cerebral Palsy is seeking to raise during 1954 in New York City.

Mr. Scott, in pledging his support said, "I will do all I can to obtain support from business and industry so that the 30,000 cerebral palsied children and adults in New York City can receive necessary therapy, education and recreation—so that they may be helped to lead productive and independent lives."

Joins Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Marjorie E. Betts is now with Merrill Lynch, Pierce, Fenner and Beane, 575 East Green Street.

Francis I. du Pont Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—John R. Hedelund is now with Francis I. du Pont & Co., 217 Montgomery Street.

Joins FIF Management

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La.—John L. Barcelona is now affiliated with FIF Management Corporation, Humble Building.

With Reynolds Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Jepson D. Anderson has been added to the staff of Reynolds & Co., 425 Montgomery Street.

Joins A. C. Allyn Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Frederic J. Perry has joined the staff of A. C. Allyn & Co., 30 Federal Street.

Joins Smith, Hague

(Special to THE FINANCIAL CHRONICLE)

ANN ARBOR, Mich. — Edward Alashaian is with Smith, Hague, Noble & Co., State Savings Bank Building.

Continued from page 31

Investment Opportunities in the World's Largest Market

	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
Lyon Metal Products, Inc.	17	1.00	15½	6.5
Steel shelving and store fixtures				
MacGregor Sports Products, Inc.	22	1.00	18	5.55
Golf and athletic equipment				
Macmillan Co.	56	1.25	25½	4.9
Well-known book publisher				
Macwhyte Co.	10	1.13	15¾	7.2
Wire rope, cables				
Madison Gas & Electric Co.	46	1.60	37½	4.3
Wisconsin utility				
Mahon (R. C.) Co.	18	1.00	‡18	5.6
Sheet metal products				
Mallory (P. R.) & Co.	19	2.00	40	5.0
Electric products				
Manning, Maxwell & Moore	18	†1.17	19⅞	6.1
Hoists, cranes, gauges, valves				
Manufacturers Life Insur. Co.	*45	1.70	‡85½	2.0
Life insurance				
Mfrs. Natl. Bank (Detroit)	17	3.00	72½	4.1
Mfrs. & Traders Tr. (Buf.)	*27	1.55	30¾	5.0
Manufacturers Trust (N. Y.)	45	2.90	69½	4.2
Marine Natl. Exchange Bank of Milwaukee	24	2.80	73	3.8
Marlin-Rockwell Corp.	29	1.00	16⅛	6.2
Ball and roller bearings				
Marshall & Ilsley Bk. (Milw.)	16	1.85	50	3.7
Maryland Drydock Co.	*19	2.00	16¼	12.3
Naval construc. & repair				
Maryland Trust Co. (Balti.)	19	†1.92	45½	4.2
Medford Corp.	14	6.00	79	7.6
Lumber manufacturer				
Mellon Natl. Bank & Trust	*45	†3.00	87	3.4
Mercantile National Bank of Chicago	18	1.50	40	3.8
Mercantile Natl. Bk. (Dallas)	19	2.00	54	3.7
Mercantile-Safe Deposit and Trust Co. (Baltimore)	87	††4.00	84	4.8
Mercantile Trust (St. Louis)	25	2.40	51	4.7
Merchandise National Bank (Chicago)	20	1.00	20	5.0
Merchants Fire Assur. Corp.	42	1.80	53¾	3.3
Merchants & Mfrs. Ins. (N.Y.)	18	0.58	11⅝	5.0
Diversified insurance				
Merchants Natl. Bk. (Boston)	122	14.00	340	4.1
Merchants National Bank (Cedar Rapids)	*30	8.00	675	1.2
Merchants National Bank of Mobile	*29	†3.04	73	4.2
Merchants National Bank & Trust Co. (Indianapolis)	*29	0.80	28	2.9
Merchants National Bank & Trust Co. of Syracuse	14	1.20	32¼	3.7
Meredith Publishing Co.	14	1.20	23¼	5.2
Better Homes & Gardens				
Messer Oil Corp.	17	0.35	8½	4.1
Oil and natural gas				
Metal & Thermit Corp.	43	2.25	34½	6.5
In detinning field				
Meyercord Co.	13	0.50	6⅞	7.3
Decalcomanias				
Mich. Natl. Bank (Lansing)	13	†0.92	36½	2.5
Middlesex County Natl. Bank (Mass.)	19	†2.28	50	4.6
Miles Laboratories, Inc.	60	0.85	19	4.5
Alka Seltzer				
Miller Mfg. Co.	12	0.40	4¾	8.4
Tools for auto and engine repair				
Miss. Valley Barge Line	16	0.80	13¼	6.0
Commercial carrier: freight on rivers				
Missouri-Kansas Pipe Line	14	2.20	75⅜	2.9
Holding Company				
Missouri Utilities	12	1.09	21¼	5.1
Electricity & natural gas				
Monarch Life Insurance	*22	2.50	150	1.7
Monroe Calculating	20	1.25	‡33	3.8
Calculating and bookkeeping machines				
Montreal City & Dist. Savgs.	53	1.60	46	3.5
General banking business				
Monumental Life Ins. (Balt.)	25	1.40	71	2.0
Life insurance				
Monumental Radio Co. V.T.C.	19	1.70	15¼	11.1
Operates WCAO in Baltimore				
Moore Drop Forging Co.	15	1.00	12⅝	7.9
Drop forgings for several industries				
Moore (Wm. R.) Dry Goods	32	2.25	‡35½	6.3
General mechandiser in Memphis				
Morgan (J. P.) & Co. Inc.	14	10.00	f260	3.8
Mosinee Paper Mills Co.	14	1.00	17½	5.7
Sulphate pulp & paper				
Narragansett Racing Assn.	18	1.15	14⅛	8.1
Horse track operator				
Nashua Corp.	28	2.00	38¾	5.2
Makes waxed, gummed, coated papers				
National Aluminate Corp.	26	1.50	35¾	4.2
Chemicals for treating water				
National American Bank of New Orleans	*23	16.00	310	5.2
Natl. Bk. of Comm. (Houston)	15	3.00	87	3.4

*Details not complete as to possible longer record.
†Adjusted for stock dividends, splits, etc.
‡Earlier quotation. June 30 figure not available.
††Indicated annual rate since merger.
f Directors recently declared a 20% stock dividend payable to shareholders of record Oct. 29, 1954. Current quotation of stock is 307.

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Investment Opportunities in the World's Largest Market

	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
National Bank of Commerce in Memphis	15	1.80	45	4.0
National Bank of Commerce in New Orleans	19	1.50	42	3.6
National Bank of Commerce (Norfolk)	*20	1.50	66	2.3
National Bank of Commerce of San Antonio	*29	2.00	75	2.7
National Bank of Washington (Tacoma)	*29	2.75	65	4.2
National Bank of Detroit	19	†1.83	50½	3.6
National Bank of Tulsa	11	1.00	38½	2.6
National Casket Co. Various undertakers' equipment	63	1.30	29¼	4.4
National Casualty Co. Accident, health, casualty insur.	19	1.50	30	5.0
National Chemical & Mfg. Co. Paints & related products	15	0.70	10½	6.7
Natl. City Bank of Cleveland	18	1.90	53½	3.6
National City Bank of N. Y.	141	2.10	53¾	3.9
National Commercial Bank & Trust Co. (Albany)	*30	2.40	52½	4.6
Natl. Fire Ins. Co. of Hartf'd Diversified insurance	84	2.90	84¾	3.42
National Folding Box Co. Large variety of boxes	*26	0.50	‡41	1.2
National Food Products Corp. Holding company: chain food stores	14	2.00	41½	4.8
National Life & Accident Insurance Co. Life, accident & health	*29	†0.465	61½	0.8
National Newark & Essex Banking Co. (Newark)	151	3.00	60½	5.0
National Oats Co. Cereals, animal feeds	28	†0.59	‡15	3.9
National Screw & Mfg. Co. Screws, bolts and nuts	64	2.50	31½	7.9
Natl. Shawmut Bk. (Boston)	*57	1.95	42⅜	4.6
National Shirt Shops of Del. Chain, men's furnishings	15	0.90	12	7.5
National State Bk. (Newark)	142	18.00	455	4.0
National Stock Yards National Bank (Illinois)	28	6.00	350	1.7

Unlisted Companies Which Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 39

National Terminals Corp. Midwest storage facilities	10	1.25	14	8.9
National Union Fire Insur. Diversified insurance	20	2.00	44¾	4.5
Nekoosa-Edwards Paper Pulp and papers	13	2.00	37¼	5.4
New Amsterdam Casualty Diversified insurance	17	1.58	49½	3.2
New Britain Machine Machine tools	18	†3.125	26⅛	12.0
New Brunswick Tel. Co., Ltd. Operates New Brunswick telephone system	*45	0.60	‡12½	4.8
New Hampshire Fire Ins. Diversified insurance	84	2.00	45½	4.4
New Haven Water Co. Operating public utility in Conn.	75	3.00	59½	5.0
New York Fire Insurance Diversified insurance	20	1.28	27⅝	4.6
New York Trust Co.	60	5.50	123	4.5
New Yorker Magazine Publishes "The New Yorker"	25	1.85	‡21¼	8.7
Newport Electric Co. Rhode Island utility	15	2.20	37¼	5.9
Niagara Lower Arch Bridge Joint operator of Whirlpool Rapids Bridge	*20	1.50	‡65	2.3
Nicholson File Co. Makes files and rasps	82	1.20	25⅛	4.8
Norfolk County Trust Co. (Brookline, Mass.)	17	1.70	38½	4.4
North & Judd Wide variety of hardware	89	2.00	27	7.4
North River Insurance Co. Diversified insurance	115	1.30	35½	3.7
North Shore Gas Co. Natural gas supplier in Illinois	10	2.05	70	2.9
Northern Engineering Works Cranes and hoists	*14	0.70	8	8.8
Northern Indiana Pub. Serv. Gas & electricity supplier	10	1.60	29¾	5.4
Northern Insurance (N. Y.) Diversified insurance	*44	†2.27	64½	3.5
Northern Oklahoma Gas Co. Operating public utility	18	1.00	16	6.2
Northern Trust (Chicago)	*44	12.00	432	2.8
Northwestern Natl. Ins. Co. Multiple line insurance	80	2.00	71	2.8
Northwestern States Portland Cement Co. Iowa producer	18	2.00	34	5.9
Noxzema Chemical Co., Cl. B Distributes "Noxzema" shaving cream & medicated cream	29	0.45	13¾	3.3
Ohio Citizens Trust Co. (Toledo)	20	†1.18	30	3.9

*Details not complete as to possible longer record.
†Adjusted for stock dividends, splits, etc.
‡Earlier quotation. June 30 figure not available.

Continued on page 34

Railroad Securities

Western Maryland

Western Maryland second preferred and common stocks became quite active and strong late last week on announcement that the Interstate Commerce Commission had approved the plan of stock recapitalization. This favorable action of the Commission took most railroad analysts by surprise both because the agency itself has not looked kindly on similar plans of other roads in the past and because the examiner's report which had been filed some months ago had recommended that the plan be rejected. The examiner had based his recommendation largely on the earlier attitude of the Commission toward a Maine Central proposal. While the approval of this plan is naturally viewed as a constructive development, it is felt in financial circles that consummation is still some time away. For one thing, the mere mechanics of the so-called Mahaffie Act under which the readjustment is being worked out would take a number of months. Secondly, there seems to be a good chance that minority holders of the first preferred will fight the plan in the courts.

The plan is designed to eliminate the dividend arrears on the 7% cumulative first preferred stock which now amount to roughly $120 a share. Under the proposed readjustment the holders of this stock would receive, for each share held, two shares of new 5% first preferred stock, cumulative up to 15%, and a half share of new 4% non-cumulative second preferred. This new second preferred would be convertible into common at the rate of two shares of common for each preferred share. The old 4% non-cumulative preferred would be exchanged share-for-share for the new second preferred and old common would be exchanged on a share-for-share basis into new $10 par value common. This plan must be approved by the court and by holders of 75% of each class of old stock. Baltimore & Ohio, which owns 94% of the first preferred, 30% of the common, and a modest amount of the second preferred is presumably willing to accept the proposal.

If, and when, the plan is consummated there will be 354,840 shares of the new preferred stock outstanding, with annual dividend requirements of $1,774,200 compared with present requirements of $1,241,940 on the 7% stock. The second preferred issue will be outstanding in the amount of 150,000 shares on which dividends will amount to $600,000 annually. At the present time second preferred dividend requirements amount to $245,160. Thus, total dividend requirements on the senior stocks will come to $2,374,200 or $887,100 higher than at present. Common stock outstanding will remain unchanged at 532,868 but would be increased to 832,868 shares if all the second preferred is eventually converted.

For the 12 months through August 1954 net income of Western Maryland, after all charges and Federal income taxes, amounted to $5,776,000 or well over twice the prospective preferred dividend requirements. Pro-forma earnings on the common for the same period would amount to $6.38 a share. If all of the second preferred were to be converted the pro-forma earnings on the common would be reduced to $4.80 a share. Even such earnings would open up the way to dividends on the junior equity which, along with the old second preferred, has never in the history of the company received any distribution.

Approval of the readjustment plan also apparently had a sympathetic influence on the common stoc kof Baltimore & Ohio which was also strong and active at the end of the week. If the plan is consummated Baltimore & Ohio will own 334,254 shares of the new first preferred and 91,564 shares of the new second preferred with aggregate potential dividends of $2,037,526 annually. It would also hold 159,050 shares of the new common. If this stock was to pay a $2.00 annual dividend it would increase B. & O.'s dividend income from this source to $2,355,626. Another factor is that it would increase the investment stature of this important holding, most of which is now pledged under the 4s, 1965, and might well facilitate a refunding operation such as was mentioned in this column last week.

Sec. Humphrey to Address N. Y. IBA

Secretary of the Treasury George M. Humphrey, who will be the guest of honor and principal speaker at the annual dinner of the New York Chapter of the Investment Bankers Association this evening (Oct. 21), will talk on the "state of the national economy." The function, designated as the United States Savings Bond Victory Dinner, will be held in the Waldorf-Astoria Hotel's Starlight Roof. Other speakers will be Henry C. Alexander, President of J. P. Morgan & Co., Incorporated and T. Jerrold Brice, of Clark, Dodge & Co., President of the IBA. Robert W. Fisher, Vice-President of Blyth & Co., Inc. and President of the New York Chapter, will preside.

Mr. Humphrey will award a plaque to the New York Chapter IBA team having the best record in the sale of U. S. Government savings bonds since the opening of the IBA drive last April.

The dinner will mark Secretary Humphrey's first New York speaking engagement before a banking and business group since he entered President Eisenhower's cabinet.

At a forum preceding the dinner, General Electric Company will sponsor a presentation showing what may be expected in the future in the application of atomic energy to industrial use.

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(Special to THE FINANCIAL CHRONICLE)

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Continued from page 9

Forces at Work in Our Present Economy

behind it while customers lived off their inventory fat.

What we cannot say with any degree of confidence right now is **how much better than 1954 1955 business activity will be.** The facts just aren't available to reach a firm and fast decision on this all-important question. Crystal balls aren't much of a help, either. The plain truth is that the future is an open, not a closed, book. It depends. It depends on how millions of people—and you President Eisenhower and Secretary Dulles and Malenkov and Mao and Churchill and Mendes-France—will think and act in the next few months. I don't know, you don't know, I don't believe they themselves fully know. And remember, too, that my forecast and your forecast and hundreds of other forecasts will change what people do.

What we **can** say, however, is quite significant. Our calculating machines do show that, if Federal Government spending is not stepped up above the levels indicated by current budget estimates as recently announced by Secretary of Treasury Humphrey, the gain in 1955 activity over 1954 levels will be relatively small.

The principal reason is that plant and equipment spending by business is declining. The decline could offset most of the pickup that's due from an inventory reversal, higher automobile production in the next few months and rising housing and commercial construction.

Latest estimates on business plans for investing in new plant and equipment show that, for 1954 as a whole, business firms will spend about 6% less than the all-time high figure, more than $28 billion reached in 1953.

No significant pickup in plant and equipment spending seems likely in at least the first half of 1955. Profits are not rising for most firms; the government's emergency fast amortization program is largely wound up; major expansion projects in steel, autos and other basic industries are finished or nearly so.

The sagging trend in plant and equipment spending underscores the need for a new major stimulus to business in 1955. Business as a whole can't rise very far if capital spending is declining. Capital spending is unlikely to rise with business volume on an even keel. That's the dilemma the Eisenhower Administration will have to face up to after the election.

The brightest prospects for 1955 are in housing and most consumer goods. The new Housing Act will encourage a healthy increase in both home building and home repairs and improvements. New housing starts in 1955 could rise to between $1.3 million and $1.4 million, 10%-15% above 1954.

Commercial and utility construction should hold firm. State and local public works will continue to rise moderately, sparked by road and school building. However, industrial and most other types of construction will probably be trending slightly lower in 1955.

The expected strength in housing will have a very stimulating effect on the demand for household appliances and equipment. Makers of such equipment, including TV and radios, should have an excellent year in 1955.

However, I am not as optimistic as some observers are about the auto market next year. Consumer spending for household goods could divert some funds that would otherwise have gone for new cars. Moreover, the postwar sales pattern for automobiles has been moving approximately in three-year cycles. 1950 was a very high year—and so was 1953; 1951 was about 20% below 1950—and 1954 promises to be about 15% below 1953.

Thus, in 1955, the auto replacement market will be partly governed by the low level of new car sales three year prior to 1955, or 1952. Because of wartime production restrictions, output dropped to less than 4.5 million cars in that year. So, despite the stimulus of striking new models and hard selling by automakers next year, the industry will be doing very well indeed if it matches its 1954 performance.

The most intriguing question about 1955 is political rather than economic. It is whether the people of the United States will be satisfied with the economic probabilities I have just roughly sketched. Political pressure to boost business activity back to previous 1953 highs or better will be very strong, especially if the Democrats make even modest gains in the Congressional elections.

The U. S. electorate now has high economic standards. For many voters, the "second best year in U. S. economic history" isn't good enough. For them, any year which doesn't show at least a 3%-5% gain above the previous year amounts to a "recession." Strong popular pressure to restore full employment **could,** accordingly, lead to new government-sponsored stimuli for a major in-

Continued on page 35

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Continued from page 33

Investment Opportunities in the World's Largest Market

	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
Ohio Forge Machine Corp. — Gears, speed reducers, etc.	18	4.00	‡43	9.3
Ohio Leather Co. — Upper leather for shoes	22	1.00	12½	8.0
Ohio Match Co. — Book and box matches	15	0.50	11¼	4.4
Ohio State Life Insur. Co. — Life, accident and health	*30	1.00	95	1.1
Ohio Water Service — Retails treated water; wholesales untreated	18	1.50	24¼	6.1
Old Kent Bank (Gr. Rapids)	17	1.50	41½	3.6
Omaha National Bank	19	1.60	47½	3.4
Oneida, Ltd. — Silverware	18	†1.24	‡30½	4.1
Onondaga Pottery Co. — China tableware	11	1.00	16½	6.1
Osborn Manufacturing Co. — Industrial brushes	14	†1.08	12½	8.6
Oshkosh B'Gosh — Overalls and work shirts	18	1.75	‡22	8.0
Oswego Falls Corp. — "Sealright" containers	18	0.95	23⅜	4.1
Otter Tail Power Co. — Utility: Dakotas & Minn.	16	1.50	27	5.6
Pabst Brewing — Well-known brewer	18	†0.75	17	4.4
Pacific Car & Foundry Co. — Makes railway cars	11	†1.91	45	4.2
Pacific Fire Insurance — Diversified insurance	*44	3.20	88	3.6
Pacific Gamble Robinson — Wholesaler, fruits & vegetables	18	0.80	11½	7.0
Pacific Lumber Co. — Planing mill products	18	8.00	138	5.8
Pacific Natl. Bank of Seattle	25	8.00	225	3.6
Package Machinery — Automatic wrapping machines	37	†0.83	22	3.8
Panama Coca-Cola — Beverage bottling	*13	0.30	5¾	5.2
Passaic-Clifton National Bank & Trust Co.	15	1.40	27½	5.1
Paterson Parchment — Waxed and insoluble paper	*19	0.90	†13	6.9
Peerless Cement Corp. — Michigan producer	13	2.13	38¾	5.5
Peninsular Grinding Wheel — Abrasives	15	0.40	‡6⅝	6.0
Pennsylvania Co. for Banking	140	2.00	44⅛	4.5
Pennsylvania Gas Co. — Operating public utility in Pennsylvania and New York	75	0.80	18½	4.3
Peoples First National Bank & Trust Co. (Pittsburgh)	87	2.15	46	4.7
Peoples National Bank of Washington (Seattle)	26	1.50	47	3.2
Perfection Stove — Heating and cooking appliances	37	1.00	19¼	5.2
Permutit Co. — Water softeners	17	2.35	33¾	7.0
Peter Paul Co. — Popular candies	20	2.00	25¼	7.9
Petrolite Corp. — Chemical compounds	23	1.75	40½	4.3
Pettibone Mulliken — Railroad track equipment, forgings and machinery	12	1.20	23	5.2
Pfaudler Co. — Corrosion resistant equipment	15	1.80	33	5.5
Pheoll Manufacturing — Screws, bolts, nuts	33	1.15	11½	10.0
Philadelphia National Bank	110	5.00	106¾	4.7
Philadelphia Suburban Transportation Co. — Operates street railway lines	14	†1.00	‡13½	7.4
Philadelphia Suburban Water — Operating public utility	*15	1.00	‡52	1.9
Phoenix Insur. (Hartford) — Fire underwriter	79	3.40	116	2.9
Phoenix State Bank & Trust Co. (Conn.)	*27	3.38	80	4.2
Piedmont & Northern Ry. — Operates electric line in Carolinas	25	6.00	96½	6.2
Pioneer Trust & Savings Bank (Chicago)	30	8.00	250	3.2
Plainfield-Union Water Co. — Operating public utility	41	3.00	56½	5.3
Planters Nut & Chocolate — Peanuts products	42	2.25	57	3.9
Plomb Tool — Mechanics hand tools	16	0.80	10½	7.6
Plymouth Cordage — Rope, binding twine, etc.	94	3.10	46¼	6.7
Pocahontas Feul Co., Inc. — Bituminous coal	20	1.20	20½	5.9
Potash Co. of America — Potash and oil interests	17	2.25	35⅜	6.4
Provident Savings Bank & Trust Co. (Cincinnati)	51	1.55	35½	4.4
Provident Trust Co. of Phila.	*30	4.90	98¾	5.0
Providence Union Natl. Bank	163	2.40	‡82½	2.9
Providence-Washington Ins. — Multiple line insurance	48	1.50	30	5.0
Provincial Bank of Canada — Foreign and domestic banking business	*35	0.76	17	4.5

*Details not complete as to possible longer record.
†Adjusted for stock dividends, splits, etc.
‡Earlier quotation. June 30 figure not available.

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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
Public Natl. Bk. & Tr. (N.Y.)	38	†2.02	42	4.8
Public Service Co. of N. H. Electric utility	17	†0.90	16	5.6
Public Service Co. (N. Mex.) New Mexico electric supplier	*12	0.62	12¾	4.9
Publication Corp. Owns rotogravure printing plants	18	2.00	‡25½	7.8
Puget Sound Power & Light Operating public utility	11	1.46	30¾	4.8
Purex Corp. Makes "Purex" and "Trend"	*12	0.60	8½	7.1
Purolator Products Filters: oil, gas and air	13	†1.46	19⅜	7.5
Quincy Market Cold Storage Boston operation	12	10.00	125	8.0
Ralston Purina Animal feeds, breakfast foods	*12	3.00	97	3.1
Ray-O-Vac Co. Dry batteries, flashlights, etc.	21	1.40	18⅞	7.4
Reece Corp. (Mass.) Makes button hole machines	72	0.80	11	7.3
Reed-Prentice Corp. Plastic injection moulding mach.	14	0.75	9⅞	7.6
Reinsurance Corp. (N. Y.) Writes only reinsurance	17	0.45	10	4.5
Republic Insurance Co. Fire and casualty insurance	35	1.20	54	2.2
Republic Natl. Bank (Dallas)	35	c1.50	48	3.1
Republic Natural Gas Natural gas and oil producer	17	†0.75	29¾	2.5
Revere Racing Assn. Dog racing, near Boston	12	0.60	7⅛	8.4
Rhinelander Paper Co. Glassine and greaseproof packaging paper	18	1.60	28½	5.6
Rhode Island Hospital Trust	85	7.50	177	4.2
Richardson Co. Plastic products	22	1.30	16⅛	8.1
Rich's, Inc. Operates Atlanta department store	25	1.20	24	5.0
Riegel Paper Corp. Glassine and greaseproof paper	*19	1.25	31½	4.9
Riegel Textile Corp. Wide line textile products	16	2.40	‡37	6.5
Rike Kumler Co. Dayton department store	24	1.50	27½	5.5

Unlisted Companies Which Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 39

Riley Stoker Steam generating equip., stokers	14	1.60	23⅝	6.8
Risdon Mfg. Small metal stampings	37	3.50	‡56	6.3
Roanoke Gas Co. Operating public utility	10	0.60	13	4.6
Robertson (H. H.) Co. Metal building materials	18	†2.82	70½	4.0
Rochester Telephone Corp. Operating public utility	11	0.80	14¾	5.4
Rock of Ages Corp. Produces monuments	11	1.00	14	7.1
Rockland-Atlas Natl. Bank of Boston	29	2.90	60	4.8
Rockland Light & Power Co. Hudson west shore electric supplier	*40	0.60	16⅝	3.6
Rockwell Mfg. Co. Meters, valves, specialties	17	2.00	28¼	7.1
Rose's 5, 10, & 25c Stores, Inc. Operates 135 stores in the South	26	1.10	‡24	4.6
Ross Gear & Tool Steering gears	26	3.75	‡56½	6.6
Royalties Management Corp. Oil and gas royalty interests	11	0.20	3	6.7
Russell Mfg. Co. Belting, clutch facings, brake linings, venetian blind tapes, etc.	15	0.25	11¾	2.1
Russell-Miller Milling Milling, elevator, feed	*20	0.60	‡36	1.7
Saco-Lowell Shops Textile spinning machinery	16	1.00	15⅜	6.5
Safety Car Heat. & Light. Co. Lights and air conditioning railway cars	21	1.25	18⅝	6.7
Sagamore Mfg. Co. Sateens, broad cloths, twills	18	8.00	‡92	8.7
St. Croix Paper Co. Maine producers	34	4.00	68	5.9
St. Louis, Rocky Mountain & Pacific Co. Coal realty interests and production	13	0.50	25	2.0
St. Paul Fire & Marine Insur. Diversified insurance	82	1.00	43½	2.3
St. Paul Union Stockyards Minnesota operator	38	1.00	‡13	7.7
San Francisco Bank	87	†2.15	a78	2.8
San Jose Water Works Operating public utility in Calif.	22	2.00	38½	5.2
Sanborn Map Co. Fire insurance & real estate maps	19	4.50	62	7.3
Savannah Sugar Refining Georgia operator	30	3.00	56½	5.3
Schenectady Trust Co.	*29	†3.83	210	1.8

*Details not complete as to possible longer record.
†Adjusted for stock dividends, splits, etc.
‡Earlier quotation. June 30 figure not available.
a Ask price.
c Includes .06 paid by Republic National Co.

Continued on page 36

Continued from page 34

Forces At Work in Our Present Economy

crease in business activity in 1955. Such stimuli are likely to be found in a combination of new military and peacetime public works — more extensive anti-aircraft defenses against atomic attack, a new program of industrial dispersion, plus stepped-up spending for roads, schools, and other needed civilian public works.

My Last Question: What About the Longer Term Business Outlook?

I think our answer to this question has already been pretty much foreshadowed by our previous comments. We have seen that Soviet imperialism, among other forces, has helped make a postwar depression impossible in this country. For the first time in history, we have had a major world war, followed by the usual postwar boom, but not followed by a serious depression.

But it would be highly unfair to give Messrs. Stalin, Malenkov & Company all or even most of the credit for this remarkable change in the historical pattern. Most of the credit for this remarkable achievement belongs to America, not Russia. The fact seems to be that our capitalist system, as modified over the past generation, has finally managed to eliminate the worst excesses of the traditional business cycle.

The fundamental changes that have been made in the U. S. economy in the past 25 years suggest that we no longer need fear a catastrophic slump like that of 1929 or 1937. While business fluctuations must still be expected, the chances are good that ups and downs in the business cycle will, by joint business and government action, be held within quite manageable proportions.

If I were asked to highlight the 10 most important changes in our economic life over the past generation that have helped to tame the business cycle, I think I would list the following:

(1) **Extraordinary Population Growth.** We have already discussed this. The U. S. population is now over 162 million. It is rising by more than 2½ million people a year—an increase that is about equal to the total population of the states of Maine, New Hampshire, Rhode Island and Vermont.

How remarkable this rate of increase is can be seen by comparing it with some earlier estimates. In September, 1946, population experts of the Bureau of the Census forecast that the U. S. population would hit 162 million some time in 1975. In other words, we are just about 21 years ahead of schedule on the population front. If the population continues to increase at about the present rate, in 1960 the U. S. will have over 176 million people—a rise of 24 million persons in a decade, for the largest 10-year increase in the history of the country. This rate of population increase is surely one of the most dynamic influences on U. S. business.

(2) **Increased Power of Trade Unions.** In the past 20 years, organized union membership has risen from about three to about 16 million. This rapid increase in numbers and unions' new influence under the Roosevelt and Truman Administrations have, of course, increased wage rates vastly in all areas of industry and trade. Such upward wage pressure has not only helped bring about a considerable redistribution of the national income, but has also forced management to improve productive and redistributive efficiency in order to hold down rising labor costs.

(3) **Growing Importance of Women as Workers, Consumers and Investors.** More than a third of all women 14 years of age or over are now in the labor force. Almost half of the women who are working are married (20 years ago the ratio was less than a third). The astounding increase in working women means that one out of every four families has at least two sources of labor income. Both the **output** of goods and services and the **demand** for goods and services are greater as a result of this increased participation of women in economic life. They have made equally remarkable gains in financial matters, such as the ownership of securities and the direction of investments.

(4) **Striking shift in income distribution.** Higher wage rates, on the one side, and soaring taxes on other income, on the other side, have combined to force an almost revolutionary redistribution of income in the U. S. Let me quote several figures from Simon Kuznets' recent study of income statistics. In 1929, the top 5% of income receivers obtained 34% of the total spendable income of individuals after Federal income tax payments. By 1939, their share had dropped to 27% of total income. By 1946, it had dropped to 18%. By 1954, it is probably even less than that.

If you take the top 1% instead of the top 5%, the results are even more striking. In 1929, the share of the top 1% in total

Continued on page 36

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Continued from page 35

Forces at Work in Our Present Economy

spendable income after Federal taxes was 19.1%. By 1946 it had dropped to 7.7%. Today their share is probably even lower than that. This represents a revolutionary shift in the distribution of wealth.

Ironically, it is highly probable that in the same period the distribution of income and wealth in Soviet Russia has become far more inequitable, with the top 1 or 5% getting an increasing share of the income and wealth, rather than a declining one.

(5) **Quantitative and qualitative changes in buying power.** The redistribution of income described above means a notable shift in buying power from the upper income groups, who generally save and invest more, to lower income groups, for whom saving and investment are less important. In turn, this implies a steadily rising standard of living for the American consumer, and bigger markets for less essential consumer goods, particularly consumer durables.

(6) **Growth of U. S. production capacity.** Total U. S. productive capacity is already up by about 60% over 1945, probably by about 90% over 1941. This means unprecedentedly intense competition for both the civilian and industrial markets. Alert corporations are scrambling for business in every conceivable area. Standard demarcations among different lines of industry and trade continue to break down fast. Already, almost any kind of retail store feels free to sell almost any kind of product. This sort of "scrambled retailing" is now being matched by "scrambled manufacturing." Competition among department stores, chain stores, mail order and discount houses is constantly getting rougher. Continued technological progress will increase the number of materials and processes that compete with one another.

(7) **The expansion of higher education.** In the last generation, the U. S. population has increased by about 40%. **But high school enrollment has more than doubled, while college and university enrollment has almost tripled.** The minimum level of education has virtually become high school graduation rather than elementary school graduation. **This basic shift in educational levels implies the need for more intelligent selling as well as improved personnel relations.**

(8) **Improved business management.** The art and science of business management has improved significantly in the last two decades. New accounting and cost controls, more widespread use of industrial standards, intensified market and investment research, more enlightened personnel policies, and slowly improving techniques for employee, consumer and stockholder communications —all these have made the job of management so complex that a shortage of properly trained top executives has appeared.

(9) **Increased use of science and technology.** In the past 20 years, outlays by business and the government for scientific research have increased about 10 times. In the last decade, industry has spent more than $10 billion on such research. **This figure is probably more than twice as much as was spent on research in the whole existence of this nation prior to 1945.**

In the past half centry, the amount of capital invested for each production worker in manufacturing has increased from less than $2,500 to about $13,000. Such intensive application of science and technology to manufacturing (and to retailing) has (a) increased the supply of goods by raising output per man hour; (b) helped keep down unit labor costs even though wage rates have been rising rapidly and continuously; and (c) increased the demand for goods by offering consumers new and better products on which to use their increasing spending power.

(10) **Increasing government participation in business:** Last— but surely far from least — we must point to extraordinary expansion in the Federal Government's role in America's economic life. This is a legacy of the Roosevelt and Truman Administrations that will live long after them, and which is unlikely to be completely reversed even by a series of Republican Presidents in to the 1960's. Today Federal taxes and spending represent roughly 25% in total national income. Even **monthly** changes in the pace of government spending and taxing have therefore quick effect on business activity. Government programs to maintain high level employment, to cushion occasional unemployment with higher unemployment benefits, to support farm prices, to expand social security, all suggest the unlikelihood of any return to price levels even closely reminiscent of pre-World War II days.

So I come to the end of my discourse for today. If you want one final prediction that you can feel entirely free to repeat in confidence to anyone you wish, it is this: **Start getting set for another big boom in the not-too-distant-future.** The growth industries of tomorrow are many and varied. They range from air-conditioning and atomic energy, through automatic vending machines and automation, coal hydrogenation, electronic computers, geriatric drugs and appliances, guided missiles, helicopters, powdered metals, silicon plastics, all the way to titanium, ultrasonics and zirconium. These and many more all spell a period of great growth, opportunity and profit for alert American businessmen.

Wm. Farrar, Jr. Joins Coffin & Burr, Inc.

Coffin & Burr, Incorporated, announces that William M. Farrar, Jr. has become associated with them in the Sales Department of their New York office, 70 Pine St.

Mr. Farrar, well known in institutional and investment banking circles, is a member of The Bond Club of New Jersey and The New York Society of Security Analysts, Inc. He was formerly with A. M. Kidder & Co.

N. Y. Golf Team Winner At NSTA Tournament

In the "Chronicle" of Oct. 14 reporting that the members of the New York team had won the National Quotation Bureau cup, the names of the members of the team were incorrectly reported. They should have appeared as James Torpie, Torpie & Saltzman; John Meyers, Gordon Graves & Co.; Roald Morton, The Blue List; Joseph Lann, Joseph J. Lann Securities.

P. & S. Division Will Hold Annual Dinner

Anthony P. Rizzuto, of Hayden, Stone & Co., Acting President of the Purchases and Sales-Tabulating Division of Wall Street, Association of Stock Exchange Firms, announced that the Annual Dinner of the Division will be held at the Hotel Statler on Wednesday, Nov. 17, 1954.

Bert Seligman, of Thomson & McKinnon, Chairman of the Entertainment Committee, stated that arrangements have been made for 500 members and guests.

With Central Republic Co.

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Daniel J. Hereford has been added to the staff of Central Republic Company, Boatmen's Bank Building.

Smith Polian Adds

(Special to The Financial Chronicle)

OMAHA, Neb.—Walter S. Byrne has become connected with Smith, Polian & Co., Omaha National Bank Building.

Continued from page 35

Investment Opportunities in the World's Largest Market

	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
Schlage Lock Co. — Locks & builders' hardware	14	2.40	49½	4.8
Scott & Williams, Inc. — Builds knitting machinery	38	0.75	10	7.5
Scranton Lace Co. — Lace curtains and table covers	*38	0.60	13¾	4.4
Scruggs-Vandervoort-Barney — Dept. stores: St. Louis, Kansas City, Denver	14	0.60	9⅞	6.1
Seaboard Surety Co. — Diversified insurance	19	2.00	45½	4.4
Searle (G. D.) & Co. — Pharmaceuticals	19	2.20	79	2.8
Sears-Community State Bank (Chicago)	14	2.00	65	3.1
Seatrain Lines — Transports freight cars by ships	*13	0.50	13½	3.7
Second Natl. Bk (Boston)	35	†4.20	109	3.9
Second Natl. Bk. (Houston)	*29	†1.20	40	3.0
Second National Bank & Tr. Co. of Saginaw	*31	5.00	131	3.8
Secur.-First Natl. Bk. (L.A.)	73	†2.05	52½	3.9
Security Ins. Co. (N. Haven)	60	1.60	46	3.5
Security National Bank of Greensboro (N. C.)	17	1.00	44	2.3
Security Trust Co. of Rochester	61	†2.31	55	4.2
Security Trust & Savings Bank of San Diego	18	1.50	32	4.7
Shakespeare Co. — Fishing reels, rods & lines	16	1.60	22	7.3
Shepard Niles Crane & Hoist — Electric cranes and hoists	19	1.75	22¾	7.7
Sherbrooke Trust Co. — General trust business	77	7.00	160	4.37
Shuron Optical Co. — General line of ophthalmic goods	18	1.70	31¾	5.4
Sierra Pacific Power — Operating public utility	28	1.90	35¼	5.4
Simplex Paper Corp. — Miscellaneous paper products	18	0.85	9¼	9.2
Sioux City Stock Yards — Iowa livestock market	50	1.60	26½	6.0
Skil Corp. — Portable tools	17	1.55	19¾	7.8
Smith Agric. Chemical Co. — Chemical fertilizers	30	3.50	‡51	6.9
Smith (S. Morgan) Co. — Turbines and valves	56	1.25	24¼	5.2
Smith Kline & French Labs. — Well-known drug manufacturer	31	1.85	72	2.6
Snap-On Tools Corp. — Mechanics' Hand tools, etc.	15	1.50	19⅞	7.5
Sonoco Products Co. — Paper and paper specialties	29	1.10	18¼	6.0
South Carolina National Bk. (Charleston)	18	2.25	56	4.0
Southern Advance Bag & Pap. — Pulp and paper products	13	1.35	29	4.7
So. California Water Co. — Water, electric and ice interests, operating company	23	0.65	12⅝	5.1
Southern Colorado Power — Electricity-supplier	10	0.70	14½	4.8
So. New England Tel. Co. — Connecticut operating utility	63	1.80	36¼	5.0
Southern Union Gas Co. — Natural gas production & distribution	11	0.85	20	4.3
Southern Union Gas Co. — Natural gas supplier, New Mexico and Texas	11	0.85	20⅛	4.2
Southland Life Insurance Co. — Non-participating life	19	1.00	135	0.7
Southwestern Investment Co. — Auto and other financing	14	†0.95	‡18½	5.1
Southwestern Life Insur. Co. — Non-participating life	44	2.00	102½	2.0
Southwn. Pub. Serv. (N.M.) — Operating public utility in Texas and Oklahoma	12	1.29	26⅛	4.9
Speer Carbon Co. — Carbon & graphite products	20	0.80	14⅜	5.6
Sprague Electric Co. — Electronic components	*14	1.60	82	2.0
Springfield F. & M. Ins. Co. — Diversified insurance	87	2.00	55¾	3.6
Springfield Gas Light Co. — Mass. operating utility	101	1.80	33¼	5.4
Staley (A. E.) Mfg. Co. — Processes corn and soy beans	19	1.23	23⅛	5.3
Standard Accident Insur Co. — Diversified insurance	13	1.70	55¾	3.0
Standard-Coosa Thatcher Co. — Yarns and threads	32	1.00	14¼	7.0
Standard Screw Co. — Screws and screw machine products	49	4.00	‡67	6.0
Stanley Works — Hardware for building trades, etc.	78	3.00	51¼	5.9
State Bank of Albany	*29	'1.20	27¾	4.3
State Natl. Bank (El Paso)	73	10.00	486	2.1
State Planters Bank & Trust Co. (Richmond)	*32	2.00	57½	3.5
State Street Tr. Co. (Boston)	*29	3.00	78	3.8
Steel Products Engineering — Industrial tools and equip.	38	1.00	16¼	6.2
Stonega Coke & Coal Co. — Coal and timber	14	0.50	14¼	3.5

*Details not complete as to possible longer record.
†Adjusted for stock dividends, splits, etc.
‡Earlier quotation. June 30 figure not available.

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Investment Opportunities in the World's Largest Market

	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
Stouffer Corp. Restaurant chain	18	1.00	20	5.0
Straus (Nathan)-Duparquet Commercial kitchen equip.	20	†0.19	4⅞	3.9
Struthers Wells Corp. Refining equipment; drilling equipment for oil wells	10	†1.56	25	6.2
Sun Life Assurance Life. Also large annuity business	17	3.70	184	2.0
Super Valu Stores, Inc. Wholesale food distributor	18	d1.00	‡16¼	6.2
Swan Rubber Co. Hosing and tires	*12	0.80	‡11	7.3
Syracuse Transit Corp. Local bus operator	12	1.50	18¼	8.2
Tampax, Inc. Misc. cotton products	11	1.00	29¾	3.4
Tappan Stove Co. Gas ranges	*19	1.75	20¾	8.4
Taylor-Colquitt Co. Railroad ties and poles	27	2.00	‡32	6.3
Tecumseh Products Corp. Refrigeration compressors, etc.	14	2.25	90½	2.5
Terry Steam Turbine Co. Turbines and reduction gears	*46	8.00	104	7.7
Texas Natl. Bank (Houston)	*30	2.50	74	3.4
Textiles, Inc. Makes cotton yarn	13	1.25	13½	9.3
Third Natl. Bank in Nashville	26	10.00	325	3.1
Third National Bank & Trust Co. (Dayton)	*29	†0.95	30	3.2
Third National Bank & Trust Co. of Springfield (Mass.)	*29	2.05	46	4.5
Thrifty Drug Stores Calif. drug store chain	17	0.50	7¾	6.5
Tiffany & Co. Jewelry and silverware	*10	1.00	27	3.7
Time, Inc. Publishers of "Life," "Time," "Fortune," & "Sports Illustrated"	24	2.50	43¼	5.8
Timely Clothes, Inc. Men's suits, coats, etc.	13	1.00	14½	6.9
Titan Metal Mfg. Co. Brass and bronze rods	11	1.50	18½	8.1
Tobin Packing Co. Meat packer	11	0.75	12¼	6.1
Tokheim Corp. Gasoline pumps	22	1.20	17¼	7.0
Toledo Trust Co.	20	3.00	84	3.6

Unlisted Companies Which Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 39

Torrington Mfg. Co. Rolling mill equipment	19	1.35	26	5.2
Towle Mfg. Co. Sterling silver tableware	37	2.25	29	7.8
Townsend Co. Wire products	48	1.30	18½	7.0
Travelers Ins. Co. (Hartford) Life, accident, health	90	18.00	1238	1.5
Trico Products Auto accessories	26	2.50	43½	5.7
Trust Co. of Georgia	24	20.00	660	3.0
Tucson Gas Elec. Lt. & Pwr. Electric and gas utility	37	†0.86	19½	4.4
Twin Disc Clutch Co. Clutches and gears	20	3.00	‡47½	6.3
Tyer Rubber Co. Rubber specialties	13	†0.83	13	6.4
Tyler Refrigeration Corp. Steel display and storage equipment	17	0.23	5¾	4.0
Uarco, Inc. Business stationery	22	1.50	21¾	6.9
Union Bk. of Comm. (Cleve.)	11	1.75	35¾	4.9
Union Bank & Trust (L. A.)	*29	†6.83	141	4.8
Union Natl. Bank in Pittsburgh	*29	†1.20	32	3.8
Union Natl. Bank of Youngstown	17	3.26	80	4.1
Union Planters Bk. (Memphis)	21	1.70	41½	4.1
Union Sulphur & Oil, Class B Crude oil and natural gas production	*19	1.75	47	3.7
Union Trust (Baltimore)	16	1.40	36¾	3.8
Union Wire Rope Co. High carbon wire, and wire rope	17	1.06	15¾	6.7
United Drill & Tool, Class B Machine tools, misc. equip.	13	1.00	14⅜	7.0
United Illuminating Co. Connecticut oper. utility	54	2.50	48¼	5.2
United Printers & Publ., Inc. Greeting cards	15	1.50	16⅛	9.3
U. S. Envelope Co. Paper products	14	3.00	83	3.6
U. S. Fidelity & Guaranty Co. Diversified insurance	15	†1.82	71	2.6
U. S. Fire Insurance Co. Diversified insurance	*44	1.70	46	3.7
U. S. Lumber Co. Holding Co., land & mineral interests	*46	0.40	6¼	6.4
United States National Bank of Denver	30	2.00	48	4.2

*Details not complete as to possible longer record.
†Adjusted for stock dividends, splits, etc.
‡Earlier quotation. June 30 figure not available.
d On Aug. 25, 1954, dividend of 30 cents was declared payable Oct. 1, 1954, thus placing the stock on $1.20 annual basis.

Continued on page 38

British Textile Industry Faces Difficulties

By PAUL EINZIG

Dr. Einzig, commenting on the recent wage increase granted Lancashire textile workers, points out high production costs of many British cotton mills is closing their export markets. Says it has long been evident that changed conditions both at home and abroad make a large part of the British textile industry redundant and from now on it is a question of the survival of the fittest under a reorganized status.

LONDON, Eng.—The recently awarded increase in the wages of Lancashire textile workers has given rise to much speculation about the future of the industry. Even before the increase the cost of production of many lines of cotton goods was not competitive in the world market. As a result of the latest addition to costs, a number of spinners and weavers will have to reconsider their position and prospects. Indeed, one of the firms, the Granville Mill Company of Oldham, has already decided to discontinue spinning. Other firms are expected to follow its example, even though the extent to which the recent wages award is likely to accelerate the elimination of the least efficient firms is not expected to be very large.

Dr. Paul Einzig

Even so, it is gratifying that a beginning has been made of the long overdue weeding-out process in Lancashire. For it has long been evident to everybody except the textile industry itself that, as a result of the change in conditions both at home and abroad, a large part of the industry has become redundant. The conditions in which that industry had developed and had maintained its supremacy have largely ceased to operate. Most countries are now in a position to produce the cheaper grade cotton goods, and their cost of production is lower than that of British firms. The latter have to bear the full weight of the Welfare State, and of over-full employment with its non-stop inflationary wages-spiral.

Admittedly, Britain is not the only country which witnessed an increase of the cost of social services since the war. But nowhere are these services as costly as in Britain. Likewise, nowhere has the industrial balance of power changed so decisively in favor of employees as in Britain. Owing to the scarcity of labor there, employers are hardly in a position to resist wages demands the satisfaction of which causes an increase in the cost of living, leading to further wages demands.

Until recently it looked as if there were no checks to the non-stop rise in costs and prices. Inflated purchasing power of the domestic consumers of cotton goods has secured markets for the bulk of Lancashire's output in spite of the contraction of many overseas markets. Indeed, when in 1952 there was a sudden reduction in the imports of British textiles by Australia and other countries, steps were taken to increase domestic consumption. This in spite of the fact that cotton imports for the purpose of supplying the home market with textiles constituted a heavy burden on Britain's balance of payments.

Many grades of textiles depend, however, entirely or largely on their overseas markets. Their producers have hitherto been assisted by the rising trend of world prices and by the devaluation of sterling in 1949, as a result of which they were able to hold their own to some extent in spite of their rising costs of production. But with the reappearance of Germany and Japan as competitors their task has become increasingly difficult. Hitherto it has been possible to pass on to the consumer the wages increases they have conceded to their workers. For this reason they have taken the line of least resistance in face of wages demands. As a result textile workers now earn four or five times as much as they did before the war. But the latest increase of wages has proved in many instances the last straw. It is no longer possible, at any rate for exporters, to increase prices. Nor is it always practicable to cover the additional cost by a corresponding reduction of profits. Hence the necessity for some firms to go out of business.

Conceivably some textile employers will realize the need for a thorough reorganization of the industry. The possibility of the amalgamation of a number of firms is envisaged. This would reduce the cost of production to some extent. But in itself if would not be sufficient. What is needed is adoption of more up to date methods and specialization in higher quality products. Lancashire should leave the market for the cheaper lines to countries which are newcomers in the industry, and should concentrate on high-grade textiles.

This is not the only lesson which emerges from recent developments in Lancashire. The decision of the Granville Mill Company and possibly of other firms to discontinue spinning may become an eye-opener not only to employers but also to workers and their unions. They must realize that

Continued on page 38

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Continued from page 37

British Textile Industry Faces Difficulties

there is a limit to the wages spiral. It was short-sighted enough to insist again and again on wages increases when it simply meant an increase in the cost of living. But it would be perhaps too much to expect them to see the economic reality behind the "veil of money." Lord Keynes was right in saying that workers attach more importance to money-wages than to real wages. But when it becomes evident that part of the industry can no longer bear the additional burden then it is clearly absurd to insist on further wages increases. The recent increase, coming as it did at a moment when textile exporters were engaged in a life-and-death struggle with their foreign rivals, was a stab in the back of the industry. The result will be a certain degree of unemployment in Lancashire.

Possibly the right thing is happening for the wrong reason. There seems to be no other way in which workers could be diverted from the redundant sections of the textile industry to industries which are handicapped by a shortage of labor. It would be more sensible to achieve the same result through the adoption of a nation-wide wages policy under which workers could be diverted by means of differences in wages levels in various industries. But under existing conditions there is an all-round indiscriminate increasing trend of wages. So there is no alternative to the diversion of labor through the operation of the principle of the "survival of the fittest."

The textile industry is by no means the only one which has to undergo this painful experience. In the engineering and shipbuilding industries, too, workers and their unions are inclined to disregard conditions created by growing foreign competition. Even though their firms are losing orders, they insist on further increases of wages, regardless of consequences. Nothing short of the closing down of some factories is likely to make the workers realize the facts of life in the changed conditions.

Thinking people in Britain are becoming increasingly favorable to the idea of a diversification of the country's export trade. Britain can no longer depend on her exports of coal, textiles and engineering products. Her coal exports are now a negligible item and there is no hope for regaining lost ground in this sphere. The growing difficulties of maintaining the exports of textiles and engineering products make it inevitable for Britain to focus her efforts on other branches of production. This is what will probably happen in the course of the next decade or two. The transition period is likely to be difficult, but there is no doubt that Britain's economy will reach sooner or later a new equilibrium.

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John W. Bunn Honored On Election by NSTA

ST. LOUIS, Mo.—Stifel, Nicolaus & Company, Incorporated held a cocktail party in honor of

John W. Bunn

John W. Bunn, newly elected President of the National Security Traders Association, on Oct. 12. Approximately 200 guests attended.

Bond Club of Chicago Will Hear Motley

CHICAGO, Ill. — A luncheon meeting at The Bond Club of Chicago will be held in the Illinois Room of the La Salle Hotel (Mezzanine Floor) on Friday, Oct. 22, at 12:15 p.m. Our guest speaker will be Arthur H. Motley, President, Parade Publication, Inc.

Mr. Motley has been named as one of "America's Twelve Master Salesmen."

During his term of office as Chairman of the Board of National Sales Executives, Mr. Motley headed, at the request of the government, the first team of sales experts who went abroad to explain American selling methods to foreign businessmen. The mission was so successful that other teams have been sent to Europe each year since.

Those who heard Mr. Motley's address to the Central States Group meeting last spring still speak of that occasion as one of the very outstanding events of the program. We know that this luncheon meeting is going to be one of the real high lights of the year. Don't miss it.

Guests may be invited at the usual charge of $3.75 per guest.

F. Stanton Moyer With Kidder, Peabody & Co.

PHILADELPHIA, Pa.—Kidder, Peabody & Co., 123 South Broad Street, members of leading stock exchanges, announce that F. Stanton Moyer is now associated with them as a registered representative. Prior to joining Kidder, Peabody & Co. Mr. Moyer was associated with Smith, Barney & Co.

Mr. Moyer graduated from the University of Pennsylvania where he majored in corporate finance. He also attended the New York Stock Exchange Institute of Finance and the Graduate School of Business of New York University.

Continued from page 37

Investment Opportunities in the World's Largest Market

	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
U. S. Natl. Bank (Portland)	*29	†2.17	74½	2.9
U. S. Potash Co. — Potash used in chemicals and fertilizers	18	1.80	29½	6.1
U. S. Shoe Corp. — Women's footwear	22	1.50	24	6.2
United States Testing Co. — Research and tests textiles, soaps, oils	19	3.50	115	3.0
U. S. Truck Lines (Del.) — Inter-city motor carrier	22	1.20	14⅛	8.5
U. S. Trust Co. (N. Y.)	100	16.00	295	5.4
United Utilities, Inc. — Holding company	15	1.05	18⅜	5.7
Universal Match Co. — Matches and candy	16	1.20	20¼	5.9
Univis Lens Co. — Ophthalmic lenses	26	0.45	7	6.4
Upson Co. — Makes wall board	13	1.30	21½	6.0
Upson-Walton Co. — Wire rope	18	0.75	‡7	10.7
Utah Oil Refining Co. — Crude oil refining	*39	1.00	30	3.3
Valley Mould & Iron Corp. — Ingot moulds and stools	18	3.00	35¾	8.4
Valley Natl. Bk. (Phoenix)	21	0.85	24⅜	3.5
Veedor-Root, Inc. — Makes counting devices	20	2.00	32¾	6.1
Victor Products Corp. — Commercial refrigeration	15	†0.09	3½	2.6
Viking Pump Co. — Rotary pumps	20	1.10	20¼	5.4
Virginia Coal & Iron Co. — Owns soft coal land in Virginia and Kentucky	*38	4.00	48½	8.2
Vulcan Mold & Iron Co. — Ingot molds and plugs	20	†0.30	4⅝	6.5
Wachovia Bank & Trust (Winston-Salem)	18	†0.80	32	2.5
Wacker-Wells Building Corp. (Chicago) — Office building	20	5.00	‡76	6.6
Walker Bank & Trust Co. (Salt Lake City)	18	3.75	105	3.6
Warren Bros. Co. — Paving contractor	12	1.40	25¼	5.5
Warren (S. D.) Co. — Printing papers & allied products	18	1.00	19	5.3
Washington Oil Co. — Crude oil & gas producer	29	2.00	30	6.7
Waterbury-Farrell Foundry — Makes metal working machinery	*18	1.75	34	5.1
Wellman Engineering Co. — Machines for handling materials	13	1.10	13½	8.1
West Disinfecting Co. — Sanitation products	14	1.00	15¼	6.6
West Mich. Steel Foundry — Steel castings for railroad and industrial use	18	1.00	12	8.3
West Ohio Gas Co. — Natural gas in West. Ohio	13	0.80	13½	5.9
West Penn Power Co. — Both operating utility and holding company	*31	1.65	47	3.5
West Point Mfg. Co. — Textiles	66	1.40	18⅝	7.5
Westchester Fire Ins. (N. Y.) — Diversified insurance	83	1.05	28⅝	3.7
Western Assurance Co. — Fire, marine, aviation, auto and casualty	20	3.80	‡106	3.6
Western Massachusetts Cos. — Holding company for an operating electric utility	28	2.00	36⅛	5.5
Weyerhaeuser Timber Co. — Leading producer: Pacific Northwest	*21	2.75	84¼	3.3
Whitaker Paper Co. — Paper products and cordage	20	1.85	31	6.0
Whitin Machine Works — Textile machinery	67	1.85	21¼	8.7
Whiting Corp. — Cranes, hoists, foundry equipment	17	1.00	13⅛	7.6
Whitney Natl. Bk. (New Orl.)	69	4.00	228	1.8
Wichita Union Stockyards — Kansas operator	46	4.00	‡75	5.3
Will & Baumer Candle Co. — Candles and paraffin	15	0.80	‡15½	5.2
Williams & Co., Inc. — Supplies for industrial safety, welding, refrigeration, etc.	20	1.15	14⅝	7.9
Williams (J. B.) Co. — Shaving soap and lotions	69	0.60	8¼	7.3
Wilmington (Del.) Trust Co.	46	4.50	173	2.6
Winston & Newell Co.— Name changed to Super Valu Stores, Inc. (see under "S")				
Winters Natl. Bank & Trust (Dayton)	*29	†0.80	15¼	5.2
Wiser Oil Company — Crude oil & natural gas production	37	2.25	30	7.5
WJR The Goodwill Station — Detroit broadcaster	24	0.70	12½	5.6
Woodward Governor Co. — Speed controls for engines and propellers	15	1.50	26½	5.7

*Details not complete as to possible longer record.
†Adjusted for stock dividends, splits, etc.
‡Earlier quotation. June 30 figure not available.

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Investment Opportunities in the World's Largest Market

	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
Worcester County Trust Co. (Mass.)	12	2.50	60	4.2
York Corrugating Co. — Metal stampings, plumbers' supplies	19	1.50	18	8.3
Young (J. S.) Co. — Licorice paste for tobacco	42	4.00	‡52	7.7
Yuba Consol. Gold Fields — California gold dredger	45	0.10	3¼	3.1
Zeigler Coal & Coke Co. — Owns mines in Ill. & Ky.	15	0.58	9⅛	6.4
Zonolite Co. — Fireproof building materials	10	0.075	4¼	1.8

TABLE II

OVER-THE-COUNTER
Consecutive Cash
DIVIDEND PAYERS
for
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
Aerovox — Electrical condensers	6	0.60	10¾	5.6
Allied Gas Co. — Operating public utility	5	1.00	‡50	2.0
American Hospital Supply — Large variety of hospital supplies	7	1.20	23¾	5.1
American-La France-Foamite — Fire extinguishers	6	1.75	18⅞	9.3
American-Marietta Co. — Paints, varnishes, enamel, lacquers, etc.	6	1.25	29	4.3
American Phenolic Corp. — Precision parts for aircraft and electronic industries	9	1.00	10⅛	9.9
American Vitrified Products — Sewer pipe, bricks, tile	7	1.00	13¼	7.5

‡Earlier quotation. June 30 figure not available.

Continued on page 40

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Continued from page 3

Higher Market Ahead Over the Long Term

Reserve Board index of production was 133 in September, 1953. It is around 125 today. Over the next six months, the general expectation is for no great change, but any change that occurs will most likely be toward slightly higher levels. Thus, the business pattern should not be a depressant factor on stock prices.

The main factors that brought about the 30% advance from the September, 1953 lows were roughly:

(1) The long-term factors of the increase in consumption demand brought about by not only the increase in consumer income but by a more equitable distribution of such income, the population growth and the tremendous increase in money supply.

(2) The more favorable investment climate brought about by the Eisenhower Administration.

(3) An easy money market.

(4) Stock prices were undervalued on the basis of historical price-to-earnings ratios, yields and the spread between stock and bond prices.

(5) Technical market considerations.

As far as the fundamental factors enumerated in the first category are concerned, there is no change in the favorable long-term patterns. Consumer income has reached new high levels and is expected to continue a slow uptrend. This should result in increased demand. Gross national product in the second quarter is up slightly from the first quarter despite a decline in government spending. Consumer spending and capital spending are showing signs of improvement. All of this spending is motivated by the huge money supply pumped into our economy in war and prewar years. At the present time, our gross national product amounts to about $2.82 for every dollar of active money. This is up from about $2 at the end of 1945, but still substantially below the $3.60 ratio which was established during the 1910s and 1920s. A return to this figure over the next five to eight years would drive business forward to much greater volume than we have yet enjoyed. The population growth continues to exceed estimates despite the fact that the birth rate for the next few years may flatten out because the young men and women reaching marriageable age today are the depression babies of 20 years ago. There are a much smaller number of them. However, the excess of births over deaths in the first six months of 1954 is an amazing 10% greater than last year's all-time previous record. The enormous crop of postwar babies is growing up. Today they are concentrated in the 6-14-year age group. From 1955 to 1960, they will be in the 11-19-year age group. After that they will be grown up and ready to marry and an accentuated population increase will start. In the 30-year stretch from 1945 to 1975, the number of people will expand by 65 to 75 million. We are only a third of the way through this 30-year period of enormous population growth. These long-term factors have improved since a year ago.

Possible Election Repercussion

There could be a temporarily unfavorable change in the second factor. The forthcoming national election could result in Democratic control of the House and possibly the Senate. This might result in a delay of the Eisenhower constructive program and cause a temporary market decline. Over the longer term, it would cause no great harm. A trend such as that which elected Eisenhower so spectacularly in 1952 does not end in two years. 1954 results will be dominated by local issues. The Democrats may show some gains in line with usual off-year national elections. The long-term trend still remains favorable for 1956 and 1960, but the 1954 election could cause a short-term decline. On the other hand, a Republican victory—or even no loss in the Senate or House—could result in a further advance above the 1929 highs.

The easy money market should continue regardless of whether there is Republican or Democratic control of Congress. This is an important factor in stock prices, because of the spread between yields in bonds and stocks. The average yield on the stocks in the Dow-Jones Industrial Average is now 158% above the yield on high grade bonds. This is down only slightly from 180% a year ago, despite the fact that stock yields have dropped rather sharply. A continued firm or slightly higher bond market will be a sustaining influence on stock prices. Here again there is nothing in the bond market picture that could result in sharply lower stock prices.

Invulnerability

The fourth factor of undervaluation has been partially corrected by the 30% rise in prices over the past year and some stocks that have advanced sharply could be subject to a correctionary or resting period. Nevertheless, the immediate pattern is not particularly vulnerable. The table below shows how much you paid for $1 of earnings and $1 of dividends in the three periods of stock market highs in the last 25 years as compared with prices a year ago and today:

	For $1 of Earnings	For $1 of Dividends
1929	$19.30	$29.90
1937	16.60	22.00
1946	16.80	28.40
*1953	9.00	16.25
Today	13.10	22.62

*September.

Today's figures are approximations, but there is no doubt that the present prices have gone a long way toward discounting the undervaluation that existed a year ago — but they have not yet reached the overvaluations of past stock market highs. The table below shows where the Dow-Jones industrials would be today if 1929, 1937 and 1946 ratios prevailed today:

	For $1 of Earnings	For $1 of Dividends
1929	540	478
1937	465	352
1946	470	454

These ratios, however, ignore some important facts. The dividend payout today is less than 50% of earnings. This is a very low ratio. A 66⅔% payout is

Continued on page 40

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Continued from page 39

Higher Market Ahead Over the Long Term

much more applicable over a period of time. They also ignore the fact that these ratios apply only to the 30 stocks in the Dow-Jones Industrial Average. There are many "light blue chip" issues that are selling at only six to eight times earnings and are yielding 6% to 8%. This present situation is quite different from 1929, 1937 and 1946. In these past periods all issues were selling at high price to earnings and low dividend yields. These "light blue chip" or secondary issues could have a considerable price rise before they catch up with the ratios that prevailed in past periods of overvaluation.

Technical Viewpoint

The last consideration is the outlook from a technical viewpoint. On a broad overall pattern, there is nothing in the present technical pattern that suggests anything resembling 1946 or 1937 or, even less, 1929. Very few vulnerable distributorial patterns have been formed. Some stocks appear in need of a resting or consolidation period. These are mostly in the group known as growth stocks. General Electric, for example, has reached all upside objectives and may hold in roughly the 48-38 area for a year or two before resuming its long-term uptrend. On the other hand, there are a great many secondary issues that still indicate higher levels. While the averages are selling at new highs, this does not apply to the general run of stocks. At present levels of around 360, the industrial average is now considerably above the 1946 high of 213 and the 1952 high of 295. Yet over 60% of the 1,000 most actively traded issues on the New York Stock Exchange and the American Stock Exchange are selling below the highs reached in the 1946-1952 period.

While quite a few issues appear high enough, there are an equal or larger number of issues that still indicate higher price levels. The technical pattern appears to suggest an even more selective market than the very selective market we have witnessed over the past five years. Best opportunities for capital enhancement appear to be in the backward issues that are just a shade below top quality and are in an upward earnings trend.

Summary

In summary, the market shows no signs of an important top like 1929, 1937 or 1946.

It is possible, however, that an intermediate correction could occur at any time. This intermediate correction could occur from present levels or from a somewhat higher level. If the November election turns out favorably from a Republican viewpoint, the industrial average may reach approximately the 400 level.

Whatever reaction occurs will be comparatively mild. There are successive support zones at 330 and 315. This compares with a 1954 low of 278.

Even if such a reaction occurs, it will be extremely selective. There are many individual issues that indicate higher levels over the next year regardless of whether the averages are selling at 400 or 325.

The present market is a much more intelligent market than those of the past. Low-priced and tertiary issues will not advance just because the general market is in an uptrend. Purchases must be confined to issues with improving sales and earnings.

Regardless of temporary interruptions, the market is headed for higher levels over the longer term. There may be a resting period for a year or two during which the industrial average may hold in a range bounded by 400-370 on the upside and 330-315 on the downside. During this period individual issues could advance individually. The overall trend is toward higher levels and I doubt if the Dow-Jones Industrial Average sells, except momentarily, much below 300 for the next decade.

With Richard J. Buck

BOSTON, Mass.—Harry C. Factor has joined the staff of Richard J. Buck & Co., Statler Office Building.

Otto I. Lamoreaux With Crowell, Weedon & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Otto I. Lamoreaux has become associated with Crowell, Weedon & Co., 650 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Lamoreaux was formerly with Dempsey-Tegeler & Co. and prior thereto was an officer of Douglass & Co.

Continued from page 39

Investment Opportunities in the World's Largest Market

	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
Bancroft (Jos.) & Sons Co. Textile manufacturer and processor	8	0.45	8¾	5.1
Bates Manufacturing Co. Cotton and rayon fabrics	8	0.73	9¾	7.5
Bay Petroleum Corp. Colorado producer of crude petroleum and its products	7	0.38	31	1.2
Bayway Terminal Warehousing	7	0.25	3⅞	6.5
Bell & Gossett Pumps, tanks and valves	7	1.20	36	3.3
Black, Sivalls & Bryson Steel and wood tanks	7	1.35	22¼	6.1
Blue Moon Foods Cheese and dairy products	8	0.30	7½	4.0
Bonneville, Ltd. Produces potash	8	0.35	6⅝	5.3
Brockville Tr. & Sav. (Ont.) Mortgage loan & trust business	*8	3.00	‡62	4.8
Camden Forge Heavy forgings	*9	0.30	17½	1.7
Camp Manufacturing Co., Inc. Class A Paper & board; lumber; turpentine	7	1.25	26	4.8
Canadian Motor Lamp Co. Auto head & tail lamps	*7	1.50	‡19½	7.7
Cascades Plywood Corp. Plywood	7	2.00	24½	8.2
Central Bank & Trust Co. (Denver)	*8	1.41	15¼	9.2
Central Telephone Co. Operating public utility	9	0.90	16¼	5.5
Colorado Interstate Gas Co. Pipelines to Denver from Texas and Kansas	5	1.25	49¾	2.5
Colorado Milling & Elevator Flour and prepared mixes for baking	9	1.00	15	6.7
Commerce Natl. Bk. (Toledo)	5	1.50	42	3.6
Conn (G. C.), Ltd. Top manufacturer of band instruments	6	0.10	6¼	1.6
Consolidated Dearborn Owns office buildings in Chicago and Newark	8	1.00	19	5.3
Consol. Theatres, Ltd., Cl. B Montreal & Quebec theatre chain	*5	0.20	2½	8.0
Coos Bay Lumber Co. Lumber manufacturing	8	4.50	‡69½	6.5
Copeland Refrigeration Corp Refrigerators & air conditioning	8	0.70	14⅜	4.9

*Details not complete as to possible longer record.
‡Earlier quotation. June 30 figure not available.

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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
Cumberland Gas Corp. Operating public utility	7	0.58	7⅞	7.4
Delta Air Lines, Inc. Serves Dixie from Chicago to Detroit	5	1.20	23⅛	5.2
Detroit Aluminum & Brass Bearings and bushings	*8	0.40	4	10.0
Dickey (W. S.) Clay Mfg. Co. Sewer and culvert pipes; tiles	8	1.00	17¼	5.8
District Theatres Operates theatre chain	8	0.275	3½	7.9
Drewry's Limited U. S. A. Beer and ale; Midwest	5	1.35	17⅞	7.6
Ducommun Metals & Supply Sells tools and industrial supplies	8	1.00	14¼	7.0
Emhart Manufacturing Co. Glass industry machinery	8	1.00	31½	3.2
Empire State Oil Oil production & refining	7	0.15	8½	1.8
Equity Oil Co. Crude Oil production	6	0.40	8⅛	4.9
Erlanger Mills Corp. Holding Co. (textiles)	8	0.50	‡11½	4.3
Factor (Max) & Co. Cosmetics, perfumes, etc.	8	0.40	4½	8.8
First-Mechanics Natl. Bank of Trenton	5	1.00	32	3.1
Frontier Refining Co. Petroleum refiner	7	†0.25	‡14	1.8
Funsten (R. E.) Co. Pecan shelling	5	0.40	7¼	5.5
Gauley Mountain Coal Co. Bituminous producer	7	1.50	‡18	8.3
General American Oil Crude oil producer	7	†0.74	48	1.5
General Contract Corp. Bank & insurance holding co.	*8	0.80	15½	5.2
Genuine Parts Co. Auto parts distributor	6	0.90	17¾	5.1
Glatfelter (P. H.) Co. Book bond and specialty paper	8	1.50	19	7.9
Globe-Wernicke Office furniture	6	0.20	5⅜	3.7
Govt. Employees Ins. Co. Auto insurance for Federal employees only	6	†0.775	57	1.4
Great Lakes Industries Metal plating and clock manufacture	*8	0.30	3	10.0
Hibernia Bank (San Fran.)	6	3.00	61	4.9
Holeproof Hosiery Hosiery and lingerie	7	1.00	12⅞	7.8

*Details not complete as to possible longer record.
†Adjusted for stock dividends, splits, etc.
‡Earlier quotation. June 30 figure not available.

Continued on page 42

Deere Stock Offered At $28.87½ per Share

Public offering of 246,842 shares of Deere & Co. common stock at $28.87½ per share was made on Oct. 19 by a syndicate headed by Harriman Ripley & Co., Inc. The offering does not represent new financing by the company as the shares are presently outstanding and are being sold on behalf of certain stockholders. No part of the proceeds will accrue to the company.

Deere & Co. and its subsidiaries and their predecessors have been engaged principally in the manufacture and distribution of agricultural implements and farm tractors since 1857. In 1952, the company entered the chemical business by manufacturing ammonia and urea, primarily for use as fertilizer and, in the case of urea, in feeds for ruminant animals.

For the year ended Oct. 31, 1953, the company and its consolidated subsidiaries had sales of $378,499,000 and net income of $24,738,000, equal to $3.37 per common share. In an unaudited report for the nine months ended July 31, 1954, sales amounted to $256,549,000 and net income totaled $16,305,000, equal to $2.19 per common share.

Chicago Analysts to Hear

CHICAGO, Ill. — W. P. Gullander, Financial Vice-President of Weyerhaeuser Timber Company, will be the speaker at the luncheon meeting of the Investment Analysts Society of Chicago to be held Oct. 28 at 12:15 p.m. in the Georgian Room of Carson Pirie Scott & Co.

M. J. Campbell Co. Formed

MONTREAL, Quebec, Canada—M. J. Campbell & Co., Ltd., has been formed with offices at 486 St. John Street, to engage in a securities business. Officers are M. James Campbell, President; K. M. Campbell, Vice-President; Sylvio Charet, Secretary-Treasurer. M. J. Campbell and Mr. Charet were previously with J. E. Des Rosiers & Co.

E. H. Dickmeyer Opens

FT. WAYNE, Ind. — Edwin H. Dickmeyer is engaging in a securities business from offices at 723 West Packard Avenue, under the firm name of Edwin H. Dickmeyer & Co.

Joins F. I. du Pont Co.

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—George D. Dufresne has become connected with Francis I. du Pont & Co., 677 South Figueroa Street. He was previously with Daniel Reeves & Co.

Gross, Rogers Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Harold W. Brown has been added to the staff of Gross, Rogers, Barbour, Smith & Co., 559 South Figueroa Street, members of the Los Angeles Stock Exchange.

With Investors Realty

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Edward H. Cooke, Jr. has become affiliated with Investors Realty Fund, Inc. He was formerly with Shearson, Hammill & Co. and Walston, Hoffman & Goodwin.

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Continued from page 11

Investment Pitfalls and Opportunities in Atomic Energy

departmental heads and therefore should not be highly capitalized.

There are also instrument companies, each one small, with a well publicized genious tucked away in its staff and capitalized at an extravagant multiple.

VI

Machinery Companies

There are big and small machinery and parts companies benefiting from orders emanating from the Atomic Energy Commission and the government defense agencies. For the larger companies in this group the atomic energy business does not bulk too significantly in their affairs while the small auxiliary companies are in the state of fragmentation typical in the early phases of a new industry. In the construction of the U. S. S. Nautilus, for instance, there were about 8,000 subassemblies with some 3,500 companies participating in their manufacture. Only a clairvoyant could pick the potential General Motors, Ford, or Chrysler in this field.

VII

By-Products

In the past it has been axiomatic that sooner or later a by-product or a waste material can be diverted to some constructive use. Presumably the effluents resulting from reactor operation and end-product separation, which must now be buried or otherwise disposed of to render them harmless, are piling up in great mines of radioactive slime or tailings, costly to administer, and await exploitation by scientists and industry. This is pure conjecture and no one knows where or how a revelation may strike and to whose benefit.

Radiation, which may be considered a by-product, perhaps may have its thaumaturgic effect in biology or botany, bringing about mutations, and all of this may enter into the raising of food to greater yield than has so far been allotted to man who in many areas of the world has habitually been on the edge of starvation. The use of radioactive isotopes to combat illness, to aid research, to preserve, measure, improve technical processes, opens many vistas for the long term. Here again the effects if they take place may be of a general nature, promoting the well-being of regions and populations rather than applying to any specific company or industry.

VIII

Utilities

In the United States the output of power is scheduled to double over the next decade, and whether the fuel supply comes from the conventional sources or from atomic power is more of technical interest than of immediate financial importance. The utilities are a regulated industry, and properly so, but the benefits to the investor depend not solely upon expansion of power use but how such expansion is translated into improving per share earnings and rising dividend payments. In any event the great utility industry is doing fine and, with the exception of a few outlying areas in the United States, atomic fuel is not likely importantly to stimulate its immediate growth. Provisional projections assume that atomic energy will be used in perhaps 10% of the new plants built after 1960, 20% by 1985, and around 50% of new plant construction by the year 2000. This is a long way off, no matter how you look at it. Anyway, atomic fuel replaces only the fuel component and not the transmission lines and everything else which comprises over four-fifths of the total, and who knows how pleasant or beneficial it will be to have the government lurking in the background of power plants called reactors.

Outside of the United States, in areas where coal, water, oil, or natural gas are deficient or lacking, there may be reason to develop atomic power more rapidly, provided there is money to build the plants. In other areas, where there is also a lack of capital, the problem of inducing the capital formation countries to export their capital to these places is dependent not so much upon atomic power as upon political and psychological conditioning. A utility plant requires a huge investment and the slow turnover characteristics return the capital only over a long period of time.

It requires no great stretch of imagination to visualize that atomic power can open up the great Northwest Territory of Canada. which is hungry for power plants for the development of its great mineral resources; or, for that matter, other areas such as deserts, where perhaps deep water could be pumped to the surface or sea water utilized to make possible the accommodation of surplus populations now bogged down in territories apparently incapable of supporting a decent standard of living.

Indirectly, great wealth might be opened up by the extension and expansion of power to such areas, but all of this is much too misty for practical commitment; and besides, the relocation of industry which might follow the ability to put power plants close to certain sources of raw material such as bauxite might be disruptive to certain areas even though constructive to others.

This brief survey, as far as I can see. does not disclose a plethora of investment bonanzas. If anything, it shows that there has been some over-discounting, some over-optimism and some naivete in attempting to apply vision to present investment vehicles. Whatever the great evolvement of atomics may mean in the way of powering of ocean-going vessels, airplanes, locomotives, and a host of other uses, it will take a long time, a tomorrow which may mean 10 to 20 years, and when mortal man discounts too much too soon, he is apt to get into trouble. In finance, visionary horizons can well be disastrous. We had a Florida boom in the early Twenties and pretty nearly everything then prophesied has materialized, but 20 years later than was anticipated, and this delayed timing brought on great financial reverses. It is all a question of the quantity of the future which can be introduced into the present.

If we are not careful this atomic surge, already affecting stock values in certain areas of the economy, may gather undue momentum. The best way to handle a boom is to have the sophistication and intelligence to avoid it in the first place. Though atomics is the

Continued on page 43

Continued from page 41

Investment Opportunities in the World's Largest Market

	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
INDIANA GAS & WATER Natural gas supplier ● See page 40 for advertisement of this company.	8	1.40	27⅞	5.0
Industrial Brownhoist Locomotive crane and pile drivers	8	3.50	17	20.5
Interstate Bakeries Bread and cakes; Midwest and Pacific Coast	6	†0.80	23⅞	3.3
Iowa Southern Utilities Electricity supplier	8	1.20	20	6.0
Kent-Moore Organization Service station equipment	6	0.80	10¾	7.4
Kirsch Co. Venetian blinds	6	0.80	11½	7.0
Kuhlman Electric Co. Transformers and metal melting furnaces	*8	†0.57	‡8¾	6.5
La France Industries, Inc. Upholstery	5	0.40	8	5.0
La Salle Natl. Bk. (Chicago)	7	2.00	46	4.3
Langendorf United Bakeries West Coast baker	5	1.80	29	6.2
Lea Fabrics Auto carpets and floor coverings	8	2.00	16⅜	12.2
Liberty Bk. of Buffalo (N. Y.)	9	1.10	23½	4.7
Liquidometer Corp. Makes instruments to measure and regulate liquids	7	0.50	‡5¾	8.7
Los Angeles Transit Lines Traction company	9	1.00	10	10.0
Lucky Stores, Inc. Food chain in northern California	8	0.55	8⅞	6.2
Lytton's H. C. Lytton & Co. Apparel chain stores	5	0.50	7⅜	6.8
Macfadden Publications Well-known magazine publisher	9	0.50	5½	9.1

*Details not complete as to possible longer record.
†Adjusted for stock dividends, splits, etc.
‡Earlier quotation. June 30 figure not available.

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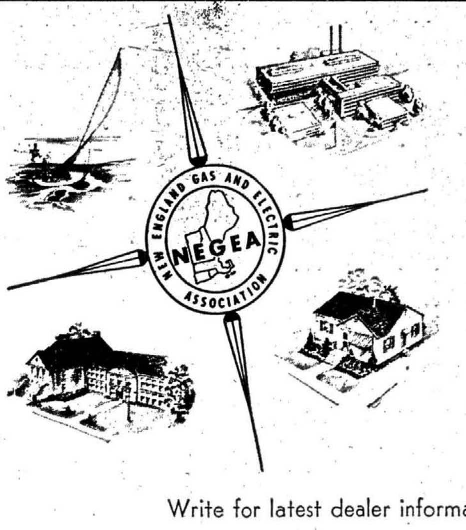

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Investment Opportunities in the World's Largest Market

	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
Marshall-Wells Co. — Manufactures & wholesales hardware & kindred lines	*9	12.00	265	4.5
Mar-Tex Realization Corp. — Crude oil producer	8	0.10	2⅞	3.5
Maryland Casualty Co. — Diversified insurance	6	1.20	33⅞	3.5
Maxson (W. L.) Corp. — Electro-mechanical & electronics apparatus	5	†0.23	25⅛	0.9
Meadow Brook Natl. Bank (Freeport, N. Y.)	5	1.50	31½	4.8
McCaskey Register Co. — Cash registers; accounting machines	9	0.50	‡13½	3.7
Michigan Gas & Electric — Operating public utility	8	†1.34	37½	3.6
Minneapolis Gas Co. — Natural gas distributor	5	1.18	24½	4.8
Missouri Edison Co. — Operating public utility	8	0.70	‡16	4.4
Mobile Gas Service Corp. — Operating public utility	9	0.675	18¼	3.7

*Details not complete as to possible longer record.
†Adjusted for stock dividends, splits, etc.
‡Earlier quotation. June 30 figure not available.

Continued on page 44

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Continued from page 42

Investment Pitfalls and Opportunities in Atomic Energy

great secret, there are millions of words spoken and written on it throughout the year. Scarcely a day goes by without a story or two in the press. The never ending publicity and the scholarly beatings of the tribal tom-toms are continuously stirring the public. It seems to me that some curbs or restraint are in order, among which the following might be suggested:

(1) Let the scientist when he talks of atomic energy and its possible future applications emphasize heavily the uncertain time factor, and let him say 10 or 20 years instead of tomorrow. A quarter of a century may only be a moment in history but it is a long time in the life of an investor.

(2) Let the industrialist or the corporate executive talk to his stockholders through the annual report. Let him say, without betrayal of secrets, we are putting so much money or men in atomics and we do not expect to make any money for a few years, or, it is a long shot which we think may be worthwhile, a decade hence. Have him avoid generalities and romantic innuendoes. Let corporate and public officials cease promising the millenium.

(3) Let the Atomic Energy Commission decide how much they can tell or allow to be told about the purely financial aspects of atomics instead of how little. The financial community knows little if anything about the technicalities of the scientific processes of chemicals or electronics yet it has adequate financial yardsticks to judge by.

(4) Let the SEC press for financial enlightenment. It would be grotesque if the Federal Government, which punishes us for obscurity and financial slackness, should be responsible, even though indirectly, for the spawning of misstatements.

Here is an industry into which $13 billion has been poured and yet it exists with meagre or no statistics, with little or no financial information. It inspires many but the likelihood of reward so far seems vague. It would be all right if it were not for the propensity of the public in their divine ignorance to build all sorts of castles in a radioactive air. There is a sense of things to come and there is a frustration as to where it should and will apply. In finance and in Wall Street the point-blank question is asked: Where will atomics hit, what industry and what stocks should one buy? Most of them should not be bought as already being somewhat overvalued. In the mining field of Colorado issues should be taken for what they are, pure gambles, with the hope that out of them some good mines will come. It should be pointed out that in South Africa, of the 60-odd gold mines, one-third have been designated as uranium producers and here, with long-lived extensive auriferous and uraniferous ore erserves, it would appear that the investor is stopped on the gold and can hope to do better on the uranium.

With respect to "ium" stocks, one should be cautious.

The massive companies should be considered on their own merits with nuclear fission as another plus in the many plusses that comprise their long-term future resting upon the growth of this country. Although it is much too early to crystallize the particular industrial sturctures, it looks to me that atomic power can bring about changes at least as great as electrification, giving new impetus in many directions, probably contributing to a general euphoria which will lift the gross national product to greater heights than could heretofore be anticipated. In this respect it will affect the wealth of the land in multiple aspects and it means that an equity list of diversified common stocks may have another long-term factor in its favor along with the growth of population and the improving standard of living. If atomic energy emerges significantly in its civilian applications as hoped for, it will enrich the nation, and this will benefit many industries as well as the so-called atomic ones. In plain English, a Sears Roebuck may do as well as a result of rising prosperity and a higher standard of living as many atomic stocks overdiscounting their futures.

Speculation, of course, is very important in human affairs. Governments administer, supervise, and regulate, sometimes suffocate, but generally do not speculate except in war when risks are undertaken. However, there are two instances that come to mind of sovereign speculations. The first, when Queen Elizabeth ventured in the syndicate of Drake's "Golden Hind" whose mission was to plunder the Spanish Main. The sufruct of this successful gold speculation, I believe £75,000, was invested by the Crown in the East India Company from which sprang the Empire of India and all of its great contribution of wealth to England and the capital formation leading to the Industrial Revolution which remade Europe and created the modern world. The other, when President Roosevelt, in his genius and financial plippancy, allocated $2 billion to uncover the secrets of an Einsteinian formula out of which developed the great atomic energy industry of today which, uncovering the arcana of the universe, may, in time, develop wealth sufficient to offset the entire debt of the Federal Government. This of course would benefit everybody and not just the lucky few.

Golden-Dersch Co. Expands Facilities

Golden-Dersch & Co., Incorporated, investment brokerage firm, has greatly expanded its services and facilities, it is announced by Irwin F. Dersch, President. The company has moved to new, large quarters at 50 Broadway, N. Y. C. Direct private wires are maintained to John J. O'Kane, Jr. & Co., McGrath Securities Corp., and Wm. V. Frankel. & Co.


Irwin Dersch

Mr. Dersch announced that the sales division of the enlarged organization now consists of a Sales Manager, Assistant Sales Manager and a staff of 20 salesmen.

The company is active in the general over-the-counter securities business and will announce several new underwritings in the immediate future.

Forms D. L. Colvin Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Donald L. Colvin has formed Donald L. Colvin Company with offices at 41 Sutter Street, to conduct an investment business. He was formerly a partner in Colvin & Stine.

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CLEVELAND, Ohio — Ernest Czika is now with Green, Erb & Co., Inc., N. B. C. Building, members of the Midwest Stock Exchange.

Jackson Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Frank M. Carder is now with Jackson & Co., Inc., 31 Milk Street.

Granbery, Marache Adds

(Special to THE FINANCIAL CHRONICLE)

SARASOTA, Fla. — Girard N. Campbell is now connected with Granbery, Marache & Co., 1307 Main Street.

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CHICAGO, Ill.—Virgil E. Otto has been added to the staff of A. C. Allyn and Company Inc., 122 South La Salle Street.

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Morgan Stanley Group Offers N. Y. Tel. Bonds

Morgan Stanley & Co. and 63 associated underwriters offered for public sale yesterday (Oct. 20) a new issue of $75 million New York Telephone Co. refunding mortgage 3% bonds, series H due 1989. The bonds, which were awarded at competitive bidding on Oct. 19, were priced at 101.086% and accrued interest to yield 2.95% to maturity.

Proceeds of the sale will be applied by the company toward the payment of borrowings from banks, presently amounting to $127 million. As a part of this financial program the company intends to offer 850,000 shares of its common stock to its parent, American Telephone & Telegraph Co. for subscription on Nov. 26, 1954 at par, $100 per share and use the proceeds together with other corporate funds to redeem on Nov. 29, 1954 at 105.45%, the $35 million outstanding refunding mortgage 3⅞% bonds, series G, due 1984.

The series H bonds are redeemable on 30 days notice at 104.086% to and including Oct. 14, 1955 and at prices decreasing thereafter to 100% on and after Oct. 15, 1986.

Of the company's 6,177,861 telephones in service on June 30, 1954, about 71% were in the New York metropolitan area. Service is supplied in all of the larger cities in New York State except Rochester. During the five years 1949-1953 the company's total operating revenues increased from $441,479,740 to $653,966,753 and total income before interest charges from $40,384,913 to $76,777,912. For the six months ended June 30, 1954 total operating revenues were $340,045,785 and total income before interest charges $38,747,042.

Blyth Group Offers Clary Common Shares

A syndicate headed by Blyth & Co., Inc. and including 11 other underwriters made public offering yesterday (Oct. 20) of 250,000 shares of $1 par value common stock of Clary Multiplier Corp. (Los Angeles). Offering price was $6 per share.

Proceeds from the sale of the common stock will be applied approximately as follows: $360,000 for additional working capital; $340,000 to retire unsecured bank loans; $200,000 for the development of an electronic digital computer; $200,000 for the development of other products; and the balance for tooling and equipment to reduce manufacturing costs.

Clary Multiplier was incorporated under the laws of the State of California in March 1939. From 1929 to 1942 the company was engaged primarily in development work on various kinds of business machines. From 1942 to 1945 the company's principal manufacturing operations were in connection with defense contracts. The company introduced its first business machines in 1946 and is now engaged in the manufacture and sale of adding and cash registering machines, guided missle control mechanisms, aircraft hardware and electronic computing and data handling equipment. The company expects to market a 10-key adding machine before the end of 1954.

The company has regularly paid dividends on its outstanding preferred stock since 1943. On Jan. 2, 1954, the company paid a cash dividend of 12½ cents per share on the common stock. Since that time the company has paid three stock dividends on the common stock, each in the amount of 2%. The board of directors of the company has declared its intention of declaring a cash dividend of 7½ cents per share on the outstanding common stock in December 1954 for payment in January 1955.

Continued from page 43

Investment Opportunities in the World's Largest Market

	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
Moore-Handley Hardware Hardware wholesaler	7	0.50	6¼	8.0
Morgan Engineering Co. Produces mills, cranes, etc.	6	1.70	19¾	8.6
National Motor Bearings Co. Makes lubricant seals	8	1.15	‡19¾	5.8
National Tank Co. Equipment for oil and gas fields	7	1.54	29¼	5.2
National Tool Co. Precision cutting tools	9	0.50	5½	9.1
Nazareth Cement Co. Pennsylvania producer	9	2.50	35½	7.0
Nelson (N. O.) Co. Wholesaler of plumbing & other supplies	7	1.40	‡22	6.4
NEW ENGLAND GAS & ELECTRIC Holding company ● See page 42 for advertisement of this company.	7	1.00	16⅞	5.9
New England Lime Co. Lime manufacturing	5	0.75	22	3.4
New Haven Gas Co. Operating public utility in Conn.	*8	1.60	27¼	5.9
Norfolk & Southern Ry. Co. Virginia & North Carolina freight carrier	6	1.70	16⅜	10.4
North American Refractories Fire brick & refractory materials	7	1.15	17⅝	6.5
Northeastern Ins. of Hartford Diversified insurance	8	0.50	10	5.0
Northwestern Leather Co. Makes shoe leather	9	1.40	15½	9.0
Northwestern Public Service Electric and gas public utility	7	0.90	15⅜	5.9
Old Ben Coal Corp. Bituminous coal producer	7	0.20	5¾	3.5
Oxford Electric Corp. Radio, TV speakers, transformers	8	0.15	2¾	5.5
Oxford Paper Co. Makes high grade paper for books and magazines	7	1.20	20	6.0
Pacific Intermountain Exp. Motor freight; Western States	7	†1.93	37½	5.1
Paragon Electric Co. Automatic time controls	6	1.25	‡19¼	6.5
Parker Appliance Co. Hydraulic and fluid system components—industrial and aircraft	5	1.00	13	7.7
Pennsylvania Engin'g Corp. Steel mills; oil refineries; chemical plants	7	1.25	23⅞	5.2
Permanente Cement Co. Large Western producer of cement and gypsum products	8	b1.55	b37¼	b4.2
Philadelphia Dairy Products Milk and allied products	8	2.30	42½	5.4
Pickering Lumber Corp. California, Louisiana and Texas holdings	6	1.85	25⅜	7.3
Porter (H. K.) Co. (Pa.) Industrial pumps; steam locomotive equipment	8	3.00	73	4.1
Portland General Electric Electric utility	6	†0.925	19⅝	4.7
Portsmouth Steel Corp. No longer oper. co. Holds interest in Detroit Steel Corp.	7	0.90	10⅜	8.7
Prudential Trust Co., Ltd. General trust business	*9	0.50	‡18	2.8
Queen Anne Candy Co. Bar and bulk candy	6	0.225	2⅞	8.0
Red Top Brewing, Class A Cincinnati brewer	8	0.20	4⅞	4.1
River Brand Rice Mills Leading rice miller & packager	8	1.22	20⅝	5.9
Rockwood & Co. Chocolate candy	9	1.50	28	5.4
Royal Dutch Petroleum (NY) Affiliated with producers of many nations	7	1.39	38	3.7
Russell (F. C.) Co. Metal doors and screens; storm windows	7	†1.03	7	14.7
Seattle Gas Co. Heat and fuel supplied	5	0.80	24	3.3

*Details not complete as to possible longer record.
†Adjusted for stock dividends, splits, etc.
‡Earlier quotation. June 30 figure not available.
b On July 30, 1954, stock was split 2 for 1 and shares placed on 20 cents a share quarterly. Current price of stock is 20, giving an indicated yield of 4%.

We are interested in buying or selling the securities of:

Bay Petroleum
Big Horn Powder River
Capital Uranium
Colorado Central Power Co.
Colorado Interstate Gas
Colorado Milling & Elevator Co.
Colorado Oil & Gas
Consolidated Uranium Mines
Denver-Chicago Trucking
Denver National Bank
Federal Uranium
Front Range Oil and Uranium
Frontier Refining Co.
Geronimo Uranium
Golden Cycle Corp.
Green River Oil and Uranium
Ideal Cement Company
Kentucky-Utah Mining
Kinney Coastal Oil Co.
Kutz Canon
Mountain States Tel. & Tel. Co.
Oklahoma Oil Co., Inc.
Potash Company of America
Sabre Uranium
Sioux Oil Co.
United States National Bank
United States Potash Company
Utco Uranium
Western Empire Oil
Western Oil Fields, Inc.

Amos C. Sudler & Co.

First National Bank Bldg., Denver — DN 490 — KEystone 4-0101

Specialists Rocky Mountain Region Securities

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Investment Opportunities in the World's Largest Market

	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
Seismograph Service Corp. Surveys for oil & gas industries	9	1.00	13¼	7.5
Southdown Sugars, Inc. Operates Louisiana sugar plantation	6	†0.80	37¼	2.1
Southeastern Public Service Natural gas supplier	6	0.55	7⅞	7.0
Southwest Natural Gas Co. Southern natural gas supplier	7	0.20	6½	3.1
Southwestern Elec. Service Electricity supplier	8	0.97	18	5.4
Southwestern States Tel. Co. Operating public utility	8	1.12	18½	6.1
State Loan & Finance, Cl. A Personal finance business, Southern States	6	¶0.95	17⅜	5.5
Stern & Stern Textiles Silk, rayon & nylon fabrics	6	0.90	9¾	9.2
Strawbridge & Clothier Large Philadelphia department store	7	†0.96	20¼	4.7
Stuart & Co. Pharmaceutical products	5	0.60	16¼	3.7
Suburban Propane Gas Corp. Propane gas distributor	8	1.20	20	6.0
Taylor & Fenn Co. Grey iron alloy castings	*9	0.80	‡11	7.3
Taylor Instrument Cos. Thermometers, barometers	*8	1.60	48	3.3
TELE.-ELECTRONICS FUND, INC. Diversified investment fund of electronics securities ● See page 40 for advertisement of this company.	6	0.51	9.38	5.4
Temco Aircraft Corp. Airplane manufacture	6	†0.375	9⅜	4.0
Tenn., Ala. & Georgia Ry. Co. Freight carrier	8	0.75	10¼	7.3
Tennessee Gas Transmission Natural gas transmission	8	1.40	24⅛	5.8

*Details not complete as to possible longer record.
†Adjusted for stock dividends, splits, etc.
‡Earlier quotation. June 30 figure not available.
¶ Board action on August 23, 1954 caused dividend rate to be increased to $1.40 on an annual basis, and the stock to be split two-for-one.

Continued on page 46

Trading Markets

WASHINGTON and OREGON SECURITIES

California Oregon Power Co.
General America Corp.
Harbor Plywood Corporation
Pacific Power & Light
Portland Gas & Coke
Puget Sound Power & Light
Weyerhaeuser Timber Co.

FOSTER & MARSHALL

MUNICIPAL AND CORPORATION BONDS

Members New York Stock Exchange
American Stock Exchange (Assoc.)
Chicago Board of Trade

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Teletype SE. 482-483 Telephone MU. 1900
PORTLAND • SPOKANE • EUGENE

Wholesale and Retail Distributor

INSURANCE STOCKS • BANK STOCKS

WEST COAST SECURITIES

♦

WALTER C. GOREY CO.

Russ Building, San Francisco 4
YUkon 6-2332 • Teletype SF 573

Halsey, Stuart Group Offers Louisiana Pow. & Light 3⅛% Bonds

Halsey, Stuart & Co. Inc. heads a group offering $18,000,000 Louisiana Power & Light Co. first mortgage bonds, 3⅛% series due Oct. 1, 1984, at 100.877% and accrued interest, to yield 3.08%. The group won award of the issue at competitive sale yesterday (Oct. 20) on a bid of 100.26%.

Net proceeds from the sale of the bonds will be used by the company to retire all of its presently outstanding $12,000,000 first mortgage bonds, 4% series due 1983; for the construction of new facilities and for other corporate purposes.

The 1984 series bonds will be redeemable at general redemption prices ranging from 103.88% to par, and at special redemption prices receding from 100.88% to par, plus accrued interest in each case.

Louisiana Power & Light Co. is one of the four operating subsidiaries of Middle South Utilities, Inc. which constitute an integrated public utility system known as the Middle South System. The company supplies electric power and certain other public utility services in communities in a wide area in Louisiana, including areas in and around the City of New Orleans. Operating in 46 of the 64 parishes in Louisiana, the company supplies electricity to more than 187,000 customers in 570 communities and in rural areas; gas service to more than 61,000 customers in 55 communities, and water service to one community.

For the year ended July 31, 1954, an unaudited report showed the company had total operating revenues of $28,942,000 and net income of $3,847,000. For the year 1953, operating revenues aggregated $28,330,000 and net income was $3,744,000.

With Saunders, Stiver

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Lee P. McGean is now affiliated with Saunders, Stiver & Co., Terminal Tower Building, members of the Midwest Stock Exchange. He was previously with Merrill, Turben & Co.

With First California

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Ralph S. Wilford has joined the staff of First California Co. Inc., 112 South Los Robles Avenue. He was previously with Milton C. Powell Co. and Marache, Sims & Co.

Clement Evans Adds

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — Richard E. Hanner has been added to the staff of Clement A. Evans & Co., Inc., First National Bank Building, members of the Midwest Stock Exchange.

Joins Baker, Walsh

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — George M. Baker is now associated with Baker, Walsh & Co., 29 South La Salle Street.

R. B. Fisher Opens

LAS VEGAS, Nev. — Robert B. Fisher has opened offices at 510 South Fifth Street to engage in the securities business.

With Oscar F. Kraft

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Richard H. Sjostedt is now connected with Oscar F. Kraft & Co., 530 West Sixth Street.

O'Brien With Kidder

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — George E. O'Brien has joined the staff of A. M. Kidder & Co., 600 Griswold Street. He was formerly with Fordon, Aldinger & Co. and Hornblower & Weeks. In the past he was a partner in S. R. Livingstone & Co.

With Hooker & Fay

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Alonzo W. Anderson has become connected with Hooker & Fay, 340 Pine Street, members of the New York and San Francisco Stock Exchanges. He was previously with William R. Staats Co. and Mitchum, Tully & Co.

UNDERWRITERS and DISTRIBUTORS

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Investment Bankers

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540 Omaha National Bank Bldg., Omaha 2, Nebraska
Telephone Atlantic 3380 — Teletype OM 95
LINCOLN OFFICE: 618 First National Bank Bldg., Lincoln, Nebr.

A NEW RECORD FOR THE CALIFORNIA WATER SERVICE COMPANY

We now serve more than 200,000 consumers.

The constant challenge to our company is keeping ahead of California's fast growing population while providing dependable water service at all times.

For example, last year we added 16,207 consumers, which brought our total accounts at the year-end to 200,382 — a new record for the company. This meant considerable expansion of our plant in the thirty California communities we serve.

We are pleased to report that the total income of $10,628,595 for 1953 was the highest in the company's history and represented an increase of $1,546,674 over the previous year.

We take justifiable pride in both our record of service to consumers and the opportunity provided by our company for sound investment.

The 762,608 shares of outstanding preferred and common stock are owned by 8,313 stockholders residing in 47 states, the District of Columbia, Territory of Hawaii, and seven foreign countries.

CALIFORNIA WATER SERVICE COMPANY
374 West Santa Clara Street
San Jose, California

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Continued from page 45

Investment Opportunities in the World's Largest Market

	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
Tennessee Products & Chem. — Pig iron; methanol prods.	7	†1.58	24¼	6.5
Toro Manufacturing Corp. — Power driven mowers	7	1.40	‡21	6.7
Towmotor Corp. — Fork-lift truck	9	1.85	19⅞	9.3
Union Lumber Co. — California redwood	6	1.00	‡22	4.5
Union Trust Co. of Rochester	9	3.20	75	4.3
United Brick & Tile — Various types of brick; drain tile	8	0.50	‡26½	1.9
U. S. Spring & Bumper Co. — Wide variety metal prods.	7	0.80	‡11¾	6.8
Upper Peninsula Power — Operating public utility in Mich.	6	1.20	20⅛	6.0
Utah Southern Oil Co. — Oil exploration and development	*6	0.60	19	3.2
Van Camp Sea Food Co. — Cans tuna and other fish	8	0.40	7¾	5.2
Vanity Fair Mills — Lingerie	*6	1.20	15⅜	7.8
Warner Co. — Sand, gravel and lime products	8	2.70	48¼	5.6
Weber Showcase & Fixture — Store fixt., soda fountains	7	0.40	‡5¾	7.0
Wells-Gardner Co. — Radios	9	0.75	7¾	9.7
West Virginia Water Service — Wholesale gas; retails water and ice	9	1.30	41¼	3.2
Western Light & Tel. — Supplies electric, gas, water and telephone service	8	1.60	28	5.7
Wilton Woolen Co. — Wool fabrics for auto industry	*7	0.20	2⅝	7.6
Wisconsin Hydro Electric Co. — Operating public utility	6	1.00	15⅞	6.3
Wisconsin Power & Light — Electricity supplier	8	1.20	23¾	5.1
Wood (Alan) Steel Co. — Production includes stainless steel	6	1.05	14¼	7.4
Younker Bros. — Department stores in Midwest	*7	2.50	‡35	7.1

*Details not complete as to possible longer record.
†Adjusted for stock dividends, splits, etc.
‡Earlier quotation. June 30 figure not available.

Difference Between Listed and Over-the-Counter Trading

The exchange market is often referred to as an auction market because a stock exchange provides a focal point for the concentration of bids and offerings of potential purchasers and sellers for all securities listed on it. Genuine auction marketing in a security cannot be maintained, however, unless there is sufficient activity in it.

In those cases where less active securities are traded on an exchange, it devolves upon the stock specialist for each particular stock to create a market, in the absence of sufficient public orders to buy or sell, by, in effect though not in strict parlance, putting in an order for his own account. In other words, if you wanted to sell 100 shares of XYZ stock and the specialist had no order from anyone else to buy that stock, he himself would be expected to enter a reasonable bid on his own. The continuity of any market thus created is largely dependent upon his financial resources and his willingness to thus risk his own money.

The Over-the-Counter Market

On the Over-the-Counter Market the situation is quite different. Here there are a tremendous number of dealer firms from coast to coast that interest themselves in making a market for unlisted and some listed stocks and bonds. Most of them can communicate with each other instantaneously through private telegraph wires or other facilities at their disposal.

Thus many over-the-counter dealer-brokers in New York, for instance, will be doing business throughout the day with other dealer-brokers in Boston, New Orleans, Chicago, St. Louis, Denver, Los Angeles, San Francisco, Seattle and other cities from coast to coast. As an integral part of their operations dealer-brokers stand ready to buy and sell substantial quantities of the securities they are "quoting" and maintain inventories in them. Some firms, of course, choose to act solely as brokers and not dealers.

Because of competition, the spread between the bid and the asked figures on more active stocks is quite narrow. In less active stocks the over-the-counter dealer must find contra-orders if he does not wish to assume inventory positions in the securities involved. It is his business to know which other dealers in all parts of the country might have a buying interest in a given security.

One, five, ten, fifty or more over-the-counter dealers in different parts of the country may interest themselves in "making a market" for a given unlisted security. Prospects known to the first dealer, or known to those other dealers he contacts (either locally or in other cities), may often include individuals who are believed to have a buying or selling interest in the instant security, or investors who might be induced to buy.

The process of constantly seeking out buyers and sellers is characteristic of the Over-the-Counter Market.

A major characteristic, too, of the "counter" markets is negotiation. If a gap in price exists after a prospect is found, the transaction does not die. Instead negotiation ensues. The mere existence of a buy or sell order is the incentive for the "counter" dealer to find the opposite. The Over-the-Counter Market, thus has no physical limitations.

As a practical matter, though, individuals in any city of 100,000 or more can frequently pick up a phone and call a dealer-broker and get an execution on an order for an unlisted security momentarily—often while the call is progressing.

Some "counter" dealers sell directly to investors themselves. In other cases they may have a dealer following throughout the country consisting of retail firms that are always looking for securities that present good values to sell to their investor clientele.

Numerous exchange firms also deal in over-the-counter securities and any that do not must buy from or sell to an over-the-counter dealer to execute customers' orders for unlisted securities.

Many listed securities, too, are sold over-the-counter when the blocks are too large to make a quick orderly sale on an exchange possible.

An investor need not concern himself with the intricacies enumerated above, since his dealer-broker will obtain current market quotations on any over-the-counter stock or bond, and handle all details of purchase and sale.

The longer trading day in the Over-the-Counter Market is often a distinct advantage to the investor. On an exchange, securities can only be sold in New York between the hours of 10:00 and 3:30; in the Midwest between 9:00 and 2:30 and on the West Coast between the hours of 7:00 and 2:30. However, in most instances unlisted securities can be sold any time between 9:00 and 5:00 in the Midwest, and on the West Coast it's even longer than that. Dealer-brokers in the Over-the-Counter Market there are on the job from 7:00 in the morning until 5:00 in the afternoon.

Stock Exchange Commission Rates vs. Counter Dealer Charges

When an exchange-broker executes an order for you in an exchange-listed stock, he tells you the cost price as well as the amount of his commission on your confirmation slip. On the other hand the over-the-counter dealer more often than not buys from and sells to you "as principal" or on a "net" basis as it is termed in the parlance of the securities business. This means his profit or loss is included in the price he quotes you and there is no commission charge shown on his con-

Arkansas Western Gas Company
Aztec Oil & Gas Company
Canadian Delhi Petroleum, Ltd.
Central Louisiana Electric Co.
Delhi Oil Corporation
Johnston Oil & Gas Company
Southern Union Gas Company
Southwestern Electric Service Co.
Taylor Oil & Gas Company
Texas Industries, Inc.
Three States Natural Gas Company

Active Trading Markets

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Branch Offices: Houston, San Antonio, Austin, Waco, Harlingen & Lubbock
Direct Wires to New York, St. Louis and other Principal Markets

Miss. Valley Group Of I. B. A. Slate

ST. LOUIS, Mo.—The Mississippi Valley Group of the Investment Bankers Association has received the following nominations for office:

Chairman: Arthur A. Christophel, Reinholdt & Gardner, to succeed Joseph A. Glynn, Jr., Blewer, Heitner & Glynn.

Vice-Chairman: George A. Newton, G. H. Walker & Co.

Secretary and Treasurer: Newell S. Knight, Mercantile Trust Company.

The Executive Committee will be made up of the officers and John R. Thomas, Blair & Co., Incorporated; Harry Theis, Albert Theis & Sons; Hunter Breckenridge, McCourtney-Breckenridge & Co.; Mel Taylor, Semple, Jacobs & Co.; Walter W. Ainsworth, Metropolitan St. Louis Company; Garfield J. Taussig, Taussig, Day & Co.; Chapin S. Newhard, Newhard, Cook & Co.; Joseph A. Glynn, Jr., Blewer, Heitner & Glynn.

The annual election is scheduled for Oct. 28.

Gulf Atlantic Branch

TAMPA, Fla.—Gulf-Atlantic, Inc. has opened a branch office in the Tampa Terrace Hotel, under the direction of Philip Stapp.

INVESTMENT SECURITIES
of the
Southwest

UNDERWRITER DISTRIBUTOR DEALER

FIRST *Southwest* COMPANY
Investment Bankers
MERCANTILE BANK BUILDING
DALLAS, TEXAS

ABILENE • PLAINVIEW • SAN ANTONIO • TYLER

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firmation. The over-the-counter dealer usually acts just as a merchant does in other lines of business. In other fields when you buy a set of dining room furniture, a fountain pen or what have you, the merchant sells it to you at a flat price and does not add any commission thereto. So with the "counter" dealer.

It is true that exchange commission rates more often than not are lower than the profit rates over-the-counter dealers are obliged to operate on. An important reason for this is the fact that the services of the over-the-counter dealer, besides frequently necessitating his taking the risk of an inventory position, include the extensive searching for matching bids and offers from potential buyers and sellers.

When a security is taken from the Over-the-Counter Market and listed on a stock exchange, over-the-counter dealers ordinarily lose interest in it, for they cannot make a profit trading in it at rates comparable to the commission charges of exchange firms. Though the "counter" dealers' profit rates may be somewhat higher, they may afford investors "better" prices than the less expensive service of exchanges.

Values

For one thing, the basic fact is that the price of over-the-counter stocks is not swollen by the premium the public is ordinarily willing to pay for exchange-listed securities. Then, too, active listed stocks and the exchange stock ticker system provide a ready vehicle for speculation and tend to center buying and selling decisions on short-term price swings in lieu of "real" economic values. Many apparently buy stocks according to hoped-for price movement and not for true investment purposes, their interest being merely "where is the price going and when."

The mere fact that under the "exchange auction-specialist system" the spread between bid and ask prices is close or narrow is no indication that the investor gets good value when he buys or that the seller obtains a price in keeping with the intrinsic value of the stocks he wishes to sell. Intelligent investors are quick to recognize the fact that prices and values are two totally different things.

As pointed out before, the assumption of inventory positions is an integral part of the over-the-counter dealers' task. They must take the initiative in assuming such positions. Although they must be aware of and responsive to the foibles of their customers, they cannot without unwarranted hazard buy securities for inventory purposes unless they take cognizance of basic economic values.

Basic economic values may appear somewhat elusive, but they are nonetheless real. They consist of mathematical and non-mathematical elements. Some insight as to the real value of a stock may be gained by checking such things as its earnings and dividend records, book value and liquidating value. But the first three of these are tied to the past, and subject to the fact that accounting is an inexact science. And liquidating value may be largely of academic significance, if the corporation is going to continue in existence. The anticipated future average annual net income of a corporation may be capitalized numerically, but not without reference to many non-numerical concepts. These include the acumen, initiative, imagination and forcefulness of the officers and directors of the corporation. Speculation as to how the present and possible future products of a corporation will fare on the markets may be handled numerically only to a certain extent.

When an individual consistently purchases stocks without regard to basic economic values, he may at times make money, but sooner or later he will book losses. And although he may remain "in the market" for an extended period, he cannot do so after his capital is exhausted.

So it is with the over-the-counter dealer. If he habitually assumes inventory positions at prices out of line with basic economic values, the economic forces will in due time exhaust his capital and drive him from the scene. For survival he must be cognizant of the elements, listed above, which are determinants of the real value of the securities in which he is taking inventory positions. His prices cannot consistently be out of line with real values. Particularly in regard to the non-numerical elements which go into the making of the real value of a security in which he is to assume a position, he must, as a general rule, have knowledge superior to that of the lay trader.

Therefore, an important contribution of over-the-counter dealers who take important inventory positions results from the fact that their market pricing must be influenced definitely by intrinsic corporate value factors. They must stress value consciousness over quotation consciousness.

Officers and directors of the 14,000 banks and the major insurance companies of the country when buying or selling their own institution's stock for their own account do so almost entirely through over-the-counter dealers. Investment officers of these institutions, too, are continually buying and selling government, municipal and corporation bonds and stocks through "counter" dealers for the account of their banks and companies.

Just as you get good or indifferent treatment and values from both large and small stores in other lines of business, so it is with over-the-counter dealers. It is not necessary for a firm to have a million dollars to be thoroughly trustworthy and to have good judgment with respect to investment values. Just be sure the over-the-counter firm or individual dealer you contemplate doing business with has a good reputation.

It is no exaggeration to say that both exchanges and the Over-the-Counter Market are vital to our economic life. Through the medium of stocks and bonds idle capital of individuals, banks, institutions and the like flows into trade and industry and makes it possible for business to obtain the wherewithal with which to provide jobs for ever more workers at ever less human effort and at ever more renumeration. Savings thereby become an asset to society and not a problem. The beauty of it is that the capital needs of both big and small business alike can be thus served.

If it were not for the exchanges and Over-the-Counter Markets, investors of all types would find it almost impossible to quickly retrieve the capital they put at the disposal of governments, municipalities or corporations. This is one of the many reasons why it is socially important that those engaged in the investment business thrive.

Public Utility Securities

By OWEN ELY

Pennsylvania Power & Light

Pennsylvania Power & Light and its subsidiary, Scranton Electric, serve a 10,000 square mile area in 29 counties of central eastern Pennsylvania, with a population of about 2,120,000. No very large cities are served, only two exceeding 100,000 population: Scranton with about 126,000 and Allentown with 107,000; others include Harrisburg, Wilkes-Barre, Bethlehem, Lancaster, Williamsport, Hazelton, Pottsville and Dunmore.

The service area is well situated to benefit by the trend toward industrial decentralization. The availability of raw materials and an ample supply of skilled labor have produced a sound industrial development. Fertile farm areas occupy a good part of the region and with a wide diversification of farm products are among the most prosperous in the nation. The company operates as part of a large power pool serving New Jersey, Delaware, about two-thirds of Pennsylvania, and the Baltimore-Washington area.

About 38% of electric revenues is derived from residential and farm consumers, 37% from industrial consumers, 19% from commercial consumers, and 6% from others. Among the large classes of industrial consumers, the more important are metals and metal products (11% of revenues) anthracite mining (9%) textile and textile products (4%) and cement (3%). Of the approximately 5,300 industrial consumers there were 12 whose bills exceeded $500,000, and revenues from the 10 largest industrial consumers were 10% of the total operating revenues.

Revenues received by the companies from the anthracite industry amounted to $9.6 million in 1953, $9.7 million in 1952, $9.2 million in 1951, $9.2 million in 1950 and $8.6 million in 1949. The increase over the period has largely resulted from increased mechanization and electrification of mine operations and has taken place despite falling off in anthracite production from 43 million tons in 1949 to 30 million tons in 1953. Future anthracite production will in some measure depend on the success of the industry in developing improved production methods and utilization equipment as an offset to the effect of competition of natural gas and fuel oil. Communities in the anthracite territory have succeeded in having a number of substantial manufacturing companies locate plants in the region, resulting in greater industrial diversification.

Pennsylvania Power & Light has shown a good rate of growth. In the past decade, residential and farm KWH sales have increased 220% and revenues 137%—a considerably better growth than for the U. S. as a whole.

The company has been buying about 40% of the KWH output of Pennsylvania Water & Power, a hydro company which sells power at wholesale. Recently Pennsylvania Power & Light proposed a merger of the two companies, with Water & Power common stockholders to receive in exchange for each share one-quarter share of Power & Light 4.40% preferred recently selling around 109½, and a half share of the common around 44. This would seem to indicate a package value of about 49 compared with the current price around 45½ for Pennsylvania Water & Power on the American Stock Exchange.

The regulatory climate in Pennsylvania has been generally favorable in recent years, since a "fair value" rate base is allowed by state law, giving some weight to inflationary factors. However, Pennsylvania Power & Light is involved in rate litigation. One of these cases may involve a refund of perhaps $1 million (net after taxes) to customers affected by a fuel adjustment clause during the period Feb. 19, 1951 to Aug. 12, 1952. Another case pending before the Superior Court of Pennsylvania is an appeal by certain complainants challenging the company's right to $3 million additional revenue authorized by the State Commission in 1952. On the other hand, Scranton Electric Company has asked for a rate increase of $1,173,000. The net effect of these various cases is difficult to appraise but they will probably not have any important effect on share earnings, especially in view of offsetting favorable developments.

Capitalization as of July 31, 1954 was as follows:

	Millions	
Funded Debt	$213	52%
Preferred Stock	76	19%
Common Stock Equity (5,694,070 shares)	118	29%

It appears likely that the equity ratio in future will range between 29% and 35%, depending somewhat on tax considerations.

At the recent talk before the New York Society of Security Analysts, President Oakes indicated that he was hopeful the merger with Pennsylvania Water & Power could be accomplished by spring and that eventually substantial economies would be realized. Earnings of Pennsylvania Water & Power in recent years have been crippled by severe rate reductions ordered by the Federal Power Commission, and by litigation with Consolidated Gas of Baltimore over its contractual arrangements with that company. While Pennsylvania Power & Light does not expect to "get into the picture" until the merger is completed, it seems probable that the earning power of the property could be substantially improved if a general compromise over rates and service can be worked out.

Earnings of Pennsylvania Power & Light for the 12 months ended Sept. 30 (preliminary) were $2.88, and further improvement for the calendar year appears likely, since industry in the State turned the corner early in June. The stock is currently selling around 43 to yield about 5.6%, which is well above the average yield for electric utility stocks. The price-earnings ratio is 15, close to the general average.

Forms E. J. Knudson Co.

SALT LAKE CITY, Utah—Earl J. Knudson has formed Earl J. Knudson & Co. with offices at 450 South Main Street, to engage in a securities business.

Hugh McDonald In NYC

Hugh McDonald & Co., Inc. is now doing business from offices at 70 Pine Street, New York City.

Bristol Secs. Opens

FALL RIVER, Mass.—The Bristol Securities Company has been formed with offices at 130 South Main Street, to engage in a securities business. Frederic R. Mayo is a principal of the firm.

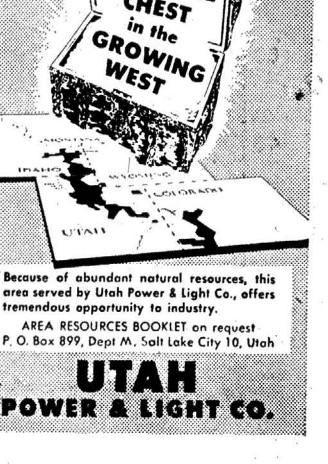
With Coombs & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Dudley H. Hosea, Jr. has joined the staff of Coombs & Co. of Los Angeles, 223 South Beverly Drive. He was formerly with King Merritt & Company, Inc.

Robert Berman Opens

LOS ANGELES, Calif.—Robert Berman is conducting a securities business from offices at 756 Broadway.



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Continued from page 7

Probable Impact of Atomic Energy On the Petroleum Industry

lars, the percentage would be still lower. Residual fuel is our least profitable product—the only one selling for less than the cost of crude oil. As a result, we have been steadily reducing our yields and converting more and more of our residuals into more valuable products.

Moreover, only a small part of the residual fuel is used to generate electricity. As you see from Figure 2, electric power plants take only 10 to 15% of our residual fuels.

In fact, the total amount of residual fuel used for power generation in the United States in 1953 represented only 3.3% of the total volume of crude run, and here again the percentage would be even smaller if expressed in dollars.

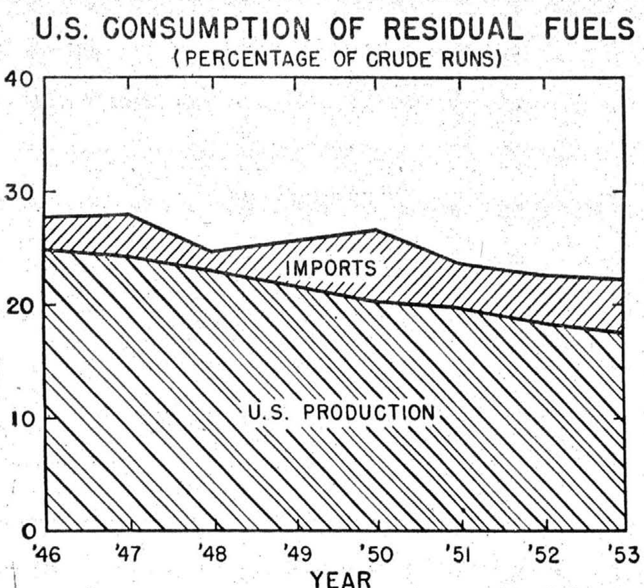
So, even if we lost our large power-plant business entirely in the next 25 years, we would hardly notice it; in fact, we might well lose it to coal long before that, and no tears would be shed. Certainly long before we talk about making motor fuel from coal we should make it by conversion of residual fuel—which we can do at much lower cost.

While a small proportion of our lighter distillate fuels is also used to make power, this is only in very small plants where atomic power would hardly be considered. An exception might be in remote locations such as our air base in Thule, Greenland, where transportation costs are reported to be several times as great as the basic cost of the fuel.

Natural gas also is used to make electricity. Figure 3 shows the over-all situation as to how the nation's power is generated.

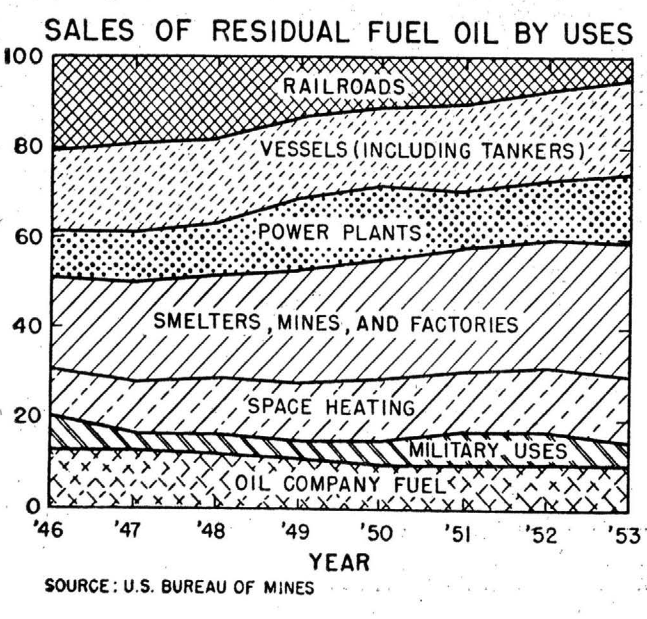
While the use of natural gas for power generation has been increasing, it accounts for only about 18% of the country's total fuel for electric power. Outside of the gas producing areas it is used today largely because it is available as "dump" gas at low prices during the warmer seasons when the big gas pipelines from the producing areas would otherwise be operating far below capacity. The availability of dump gas at such low prices will tend to decrease as the older supply contracts expire and more underground storage for gas is put into service near consuming centers. These facilities will make it possible to keep the long pipelines running nearly full the year round, but storing the excess during the summer in order to have it available for household consumption at higher prices. The use of natural gas for making electricity can be expected to decrease whether or not atomic energy begins to compete, and again no tears will be shed by the gas producer in losing this very low-priced market.

FIGURE 1



SOURCE: U.S. BUREAU OF MINES

FIGURE 2



SOURCE: U.S. BUREAU OF MINES

Atomic Fuel for Ships and Locomotives

What about fuel oil for ships, which today take about 20% of our residual fuel oil? While some submarines and possibly other special naval vessels will be atomic powered for war service, I believe that the very high first cost of atomic power plants will make their use on commercial ships develop even more slowly than in central power plants. But again, if we should lose the fuel oil business of some of the larger ships after 20 to 25 years—what of it?

How about atomic fuel for locomotives, or for cars, buses, and trucks? The only use in land transportation I have heard discussed as even a remote possibility is in a large locomotive; but even if this should prove to be both safe and economical in normal service (which I seriously doubt), can you imagine either the railroads or the regulatory authorities being willing to risk a possible wreck of an atomic engine in one of our large cities? I realize that a theoretically safe "package" might be designed, but I think psychological factors would bar it for many, many years.

For cars, trucks, or buses the idea is fantastic. Even supposing people could afford the minimum conceivable cost of tens of thousands of dollars for an atomic engine, we would have to have at least a three-foot concrete dashboard to protect the passengers from dangerous radiations, and front fenders three feet thick to protect the passers-by. For planes, too, the shielding problems seem to constitute an almost insuperable bar, though the greater distance of the pilot from the power plant would help some.

In this connection, I should probably mention the paper presented by Dr. C. C. Furnas at the September meeting of the American Chemical Society. Some of the editorial comments on his paper made Dr. Furnas sound quite optimistic about the possibility that light-weight shielding devices could be developed. Reference to the actual paper shows while Dr. Furnas urged research along such lines, he was not optimistic and indicated that the physicists are quite pessimistic. I think it is fair to say that the problem of light-weight shielding against gamma radiation is in almost the same class as the problem of shielding against gravity. So far as impact on the oil industry is concerned, it is the project "least likely to succeed."

In discussing the impact of atomic energy on the automobile business, we can rule out engines using atomic fuel, but there are other possiblities we ought to consider. Might not cheap electricity from atomic power plants be used to charge some new kind of highly efficient storage batteries for electric automobiles?

In the first place, even if atomic power plants do become commercially competitive, there is very little likelihood that the power will be cheap by present standards; in the second place, further radical improvements in storage batteries do not appear to be in sight despite many years of research. Furthermore, even solving these problems would probably not affect the gasoline business very much.

Facts About Automobiles

Let's review some facts about automobiles. One important point is that gasoline is a relatively small part of the cost of driving a car. Even in fleet driving, where annual mileages are high and investment cost per mile is therefore low, gasoline accounts for less than one-quarter of the cost (not including any wages for the driver). If we base our calculations on the price of gasoline (ex tax) at the refinery gate, we find that the fuel cost of the energy represents only about one-eighth of the cost of the transportation. For ordinary automobile use, the gasoline costs are even lower. Gasoline prices, ex taxes, are about the same as they were in 1926, whereas automobiles cost over twice as much. To be sure they are greatly improved, but so is modern gasoline. Any competing source of mobile energy will have a hard time beating such figures. While this omits the relatively large factors of gasoline taxes and distribution costs, the latter would certainly not be less for storage battery charging and distribution and you can be sure that the governmental bodies would not long neglect to tax it if it became important.

Another important point is that the gasoline engine is a very low-cost engine. In a small car costing around $2,000, the engine represents only $300 of that total. The designer of a competitive type of engine or motor does not have much money to play with.

Most importantly of all, however, the buyer of gasoline is not looking primarily for cheap B.t.u.'s. Instead, he demands in his car things like fast acceleration, agility in traffic, driving comfort, and the other qualities that come under the general heading of "performance."

The electric car lost out once in the competition with the gasoline car when gasoline engines were far less efficient and power requirements far lower. Atomic energy seems unlikely to put it back in the race.

There is, of course, the remote possibility of revolutionary new devices being discovered which would convert atomic energy directly to electricity, but this seems highly unlikely. At the second of these conferences held a year ago, Walter Zinn said he had seen no such scheme that seemed practical. Here again the low cost of the gasoline engine and the low cost of operating it seem practically certain to hold the business for the oil industry.

Space Heating

After the various transportation uses, the next most important use of oil products is in space heating. Is there any chance that atomic energy will replace our distillate fuels, used mainly in home heating? In this field, the customer comes much closer to shopping for mere B.t.U.'s than when he buys gasoline.

Atomic energy for such uses seems to be ruled out by its usual handicaps: the need for heavy shielding, the problem of handling radioactive wastes, and the high cost of the equipment. The high equipment cost is pointed up by the estimates made in connection with the Army Package Power Reactor, designed to generate 1,700 kilowatts. I believe Dr. Hafstad said the probable cost would be "considerably less than $8,000,000," and there were some guesstimates as low as $5,000,000. Even this figure, however, would be 10 times the cost of an equivalent diesel unit. For generating electric power or for producing heat, atomic energy would seem to be attractive only in locations like northern Greenland, where diesel fuel may cost a dollar a gallon instead of the normal 12 or 13 cents.

In other remote locations, particularly where the climate is not too cold, electricity from atoms might prove economical for driving heat pumps. These are the devices that take low-level heat from outdoors and convert it to the higher-level heat needed indoors. It is possible that some day the heat pump will be a substantial competitor of the oil industry in certain areas. But if it does, it will for many years use electricity generated from coal rather than from atomic energy.

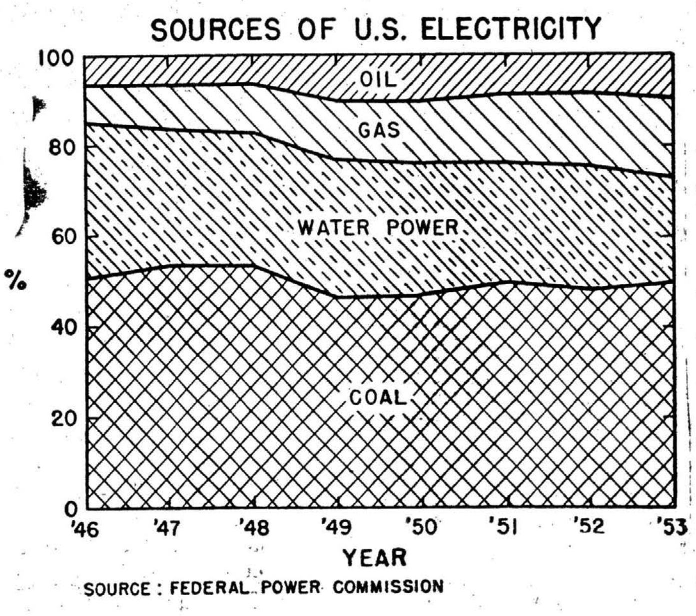
Atomic Energy Will Help the Oil Industry

I have indicated the reasons why I believe that no important phase of the oil business will be adversely affected by atomic energy in the foreseeable future. On the contrary, atomic energy is likely to help us. So long as there exists danger of an atomic war, decentralization will become the pattern for industry and for the population. The resulting increase in travel will be largely powered by oil, and mainly over roads built with our asphalt. New construction in outlying districts will use oil-powered bulldozers and certain asphalt-based building materials.

The enormously greater power of atomic bombs will cut down bomber fuel requirements if we do have a war, but that would mean a welcome lessening of the oil industry's peak load in wartime, and would lessen the need for wartime rationing of our products—even assuming the next war lasted long enough to require it.

Turning to a radically different benefit, the oil business — like many others using science—will benefit from the radioactive tracers used in research. Our products are more complicated than most chemical products and so we are in an unusually favorable position to use the information these tracers make possible. A paper at this conference last year described still another use of these tracers, in studies of wear in automotive engines. For some time we have been using radioactive devices for logging oil wells. Radioactive markers are used to indicate instantly the interface between different products being pumped through our product pipelines; and the industry's active

FIGURE 3



SOURCE: FEDERAL POWER COMMISSION

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research laboratories are working on many other possible uses of these new tools.

Outlook for the More Distant Future

Thus far, I have been discussing primarily the outlook for the next 25 years. Beyond that time, any predictions are bound to involve more and more uncertainty, not only because of unforeseen developments in the utilization of atomic energy, but because of uncertainties regarding the rate of discovery of oil in the more distant future. It is true that as oil gets harder to find, the longtime trend of petroleum costs and prices is upward and likely to continue that way; whereas the trend of atomic power costs is downward and should continue that way for at least the next two decades. The two curves will presumably meet sometime, but apparently well into the future. However, the country's needs for energy are expanding so rapidly (certainly more than doubling in the next 25 years) that the ultimate problem is not what fuel is going to be crowded out, but what can come along to help carry the rapidly growing load. Petroleum's present advantage in most of its fields of usefulness is so large that only a very major increase in price could prevent it from having all the business it can handle far beyond the next 25 years. It is much more certain that we will find early use for all the petroleum we discover in this country than it is for uranium.

Barring a world cataclysm, world population in the next century is almost certain to increase by threefold and its power requirements at least tenfold. With this outlook, I, for one, welcome atomic energy with open arms. For the long pull it will be, not a competitor, but a burden-sharer; and its ultimate availability should still forever the cry that we are running out of oil and that the Government should therefore take us over. Atomic energy today needs both industrial and governmental help. The oil industry has proven rather conclusively that it can do a highly efficient job as a private enterprise. Atomic energy should help keep it that way, and is therefore doubly welcome.

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(Special to The Financial Chronicle)

CHICAGO, Ill.—John F. Risk has become associated with W. T. Grimm & Co., 231 South La Salle Street. Mr. Risk was previously with Harris Trust & Savings Bank.

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(Special to The Financial Chronicle)

CHICAGO, Ill. — Donald T. O'Grady and Edward J. Raye have become connected with Harris, Upham & Co., 135 South La Salle Street.

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(Special to The Financial Chronicle)

CHICAGO, Ill. — William W. Holden has become affiliated with Reynolds & Co., 39 South La Salle Street. In the past he was with Mason, Moran & Co.

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(Special to The Financial Chronicle)

WORCESTER, Mass.—Luther P. Smith has become affiliated with Gibbs & Co., 507 Main Street. He was formerly with R. L. Perkins & Co.

Continued from first page

As We See It

least in the thinking of the professional politicians.

Of course, there is little or no competition left in the field of labor relations in any event, and time only would tell what the practical consequences of a general amalgamation of the leading labor organizations would be. Practically any union will now refuse to permit its members to cross picket lines established by any other union quite regardless of the merits of the dispute which leads to a strike. Jurisdictional disputes now are not infrequent and costly, but one must be a little skeptical about their disappearance as a result of any of the proposed amalgamations of unions or any other change in the relationships among the various labor organizations. Obviously organized labor is greatly feared by the professional politicians, or else there would never have been such a hullabaloo about what the Secretary of Defense had to say the other day. Whether that situation would have been essentially different had there been one and only one major labor organization in the United States it would be difficult to say.

More Vital Aspects

But these are not the more interesting or vital aspects of the case of American labor unionsim as it is today and as it evidently aspires to be. These organizations quite evidently intend if they can to dominate the political scene in all matters in which they regard themselves as having a special interest. At times they have very nearly succeeded in doing just that. They did not do as well in 1952 as they had been doing; they may not be able to do much better this year—and again, they may. They evidently intend to do all that they can in an organized way both this year and in the years to come, and while they have not quite always had their way in the election of members of Congress, nor have they always been able to dominate either the legislative or the executive scene, it is evident enough to the discerning that they have far more influence and weight in Wsahington even now than any comparable element in the population except possibly the farm organizations.

But in far more subtle and more important ways the influence of these large, active and aggressive labor organizations has been at work upon us. The simple fact that employment and unemployment have become words to conjure with in political affairs is eloquent testimony to the work of organized labor. These matters of the ready availability of jobs for all men today so largely dominate the thought and behavior of politicians not only because they are the chief concern of millions of wage earners closely joined in labor organizations which in certain matters at least can control the votes of millions of citizens; they are thus given first place in the thought and plans of the politicians because also they have assumed such a position in the minds of the great rank and file—thanks in part to widespread suffering during the great depression and in part to the incessant teaching of the labor unions that when work is not plentiful it is the fault of government.

Foolish Notions Accepted

Little by little in almost insensible degrees the public has come almost without realizing it to believe or to accept the notion that some one somehow "owes" the wage earner a job of the sort he chooses at the spot he chooses. Thus it has come to pass that the obvious soundness of the Wilson view, that the wage earner himself must in the nature of the case accept responsibility at least in part for finding work rather than wait for a paternalistic government to come to his rescue, aroused so many who had long ago forgotten the homely axioms and precepts which made this country the envy of the world.

In the industrial scene the labor organizations of the country and the social and economic philosophy they represent have gained very nearly a dominant position by the same tactics. One and only one labor union usually dominates a trade or a type of business. Employers still independent and competing are not permitted to organize into monopolistic organizations to deal with the monopolies they find on the other side of the bargaining table. One of the results of this one-sided situation and of the sacrosanct nature of virtually all demands of the powerful labor organizations is now being felt in increase after increase in wages in the face of what the unions themselves avow to be a serious recession with wholly unacceptable rates of unemployment.

The people of this country must come to some definite conclusion as to whether they want this country, its governments, its public policy, its economic system, and its general pattern of living to be dominated by organizations of one of the elements in the population—or at all events by this element working in cooperation with another, the organized farmer. The wage earner and the farmer, too, are of course citizens of this great country of ours. They are entitled to vote as they see fit, and to advocate whatever line of policy they think best. But when the policies and the programs of these special interests are in conflict with the best interests of the country as a whole — as they not infrequently are — it is encumbent upon the remainder of the community to protect itself.

Many provisions of law place other elements in the population under very real handicaps in trying to compete wth or to combat the selfish influence of highly organized groups such as the labor unions, yet these other elements in the population remain supine at their own risk.

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Government's Role in Easing Business Fluctuations

agers to greater efforts and thus served to weed out producers unable to make their way under conditions of vigorous competition.

It was very natural for men whose thinking ran along these lines to argue that any interference on the part of government with the normal processes of the business cycle would not only restrict efficiency and curb progress, but would also give rise to public controls that in time would undermine our system of free enterprise.

These views, which were very common and strongly held a generation ago, have gradually lost their grip on the minds of men. For this there are several reasons. In the first place, experience has taught us that while a lull in activity may tend to stimulate advances in efficiency, dependable workmen lose their jobs along with the shiftless few, once an economic contraction deepens. Well-managed firms, no less than those that are poorly managed, suffer losses and even bankruptcy at such times. It is therefore very doubtful if, on balance, business contractions serve to enhance efficiency.

Experience has taught us that a business depression leads many men to lose faith in themselves, and that it also leads some to lose faith in our economic and political institutions. These dangers to morale are especially great in our time when international Communism is busily engaged in spreading falsehoods about the Western world, exaggerating every weakness in the working of our institutions, and twisting the minds of poorly informed folk by false but alluring promises of a better world.

Federal Government Now A Large Factor in the Economy

Experience has also taught us that, as a result of the international turmoil that has ruled in the past 15 years, the Federal Government has become a very large factor in our economy; indeed, so large that it is no longer reasonable to suppose that it either can or should remain aloof from what goes on in the private economy. As one international crisis or breathing spell has succeeded another, people have gradually come to realize that the government has at least a responsibility for moderating the economic impact of its own unsettling actions.

Most important of all, experience has taught us that, although the government is by no means omnipotent and while it is capable of making mistakes, it can also pursue policies that not only promise to bring greater stability to economic life, but also to expand the scope and add to the vigor of private enterprise.

Today it is no longer a matter of serious controversy whether the government should play a positive role in helping to maintain a high level of economic activity. Men and women in all walks of life, and in both of our political parties, now generally agree that economic storms of inflation and depression must not be left to run their own course. What we debate nowadays is not the need for controlling business cycles, but rather the nature of governmental action, its timing, and its extent. Even on these matters we have won greater agreement than seemed likely only a short time ago.

Thus, during the past year, while our economy was undergoing contraction, very few students of affairs seriously urged that taxes be increased to wipe out the public deficit; or that interest rates be raised to speed the liquidation of excessive inventories and of superfluous industrial plants; or that banks call in their loans and reduce the outstanding money supply in order to protect their financial solvency; or that the general public be exhorted to save its money, and postpone buying automobiles, furniture, and other things that people like. Yet —incredible though it may now seem — these were precisely the remedies for curing a business recession that had a considerable vogue in earlier times.

The Recent Business Contraction

I should now like to leave these general remarks and comment more specifically on our recent business contraction, then sketch the steps that the government took with a view to checking the decline, and conclude by drawing a moral or two that may, perhaps, serve us as a useful guide in the future.

By the mid-summer of 1953 it became reasonably clear that our economy was headed for some readjustment. The first visible sign of recession was a sharp reduction of business expenditures on inventories. This adjustment of inventories to current sales necessitated some reduction in output. After the cessation of hostilities in Korea, this decline was aggravated by a drop in governmental spending on military goods. The reduction of spending on inventories and on defense led, of course, to a reduction of employment. Within a few months hun-

Continued on page 50

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Continued from page 49

Government's Role in Easing Business Fluctuations

dreds of thousands of men and women lost their jobs—many of them in your city. In early March, 3¾ million were without jobs, another ¼ million were temporarily laid off, and a large number were working only part time. A cry of impending depression arose on many sides and laymen began vying with the experts in following and interpreting every cloud, real or imaginary, in the economic sky.

The depression that so many feared or expected did not, however, develop. Towards the end of 1953 strong indications began to appear of improvement in financial markets. A little later it became clear that construction contracts, instead of collapsing as some expected, were in fact, increasing sharply. Commodity prices, instead of declining as is their custom during economic contractions, remained stable on the average. Consumer spending began to increase again early in the new year, and so too did the flow of new orders to business firms. Sales to foreign countries were well maintained and even rose above the level of the preceding year. Some industries and localities, especially those that had previously concentrated on defense goods, suffered sharp declines in output and employment. But by the spring of this year, our economy—viewed as a whole—managed to stabilize at a very high level of activity, and more recently has begun to feel once again the invigorating impulse of expansion.

The course of our recent contraction raises an interesting and important question, namely: Why did the economic setback of 1953 prove so mild on an overall basis? Why did our total national output of goods and services decline merely 3 or 4%? Why did not the decline turn into the cumulative, spiraling depression that many feared and some expected? Why, to put a still more exacting question, did the gross national product decline merely from an annual rate of about $370 billion in the second quarter of 1953 to $356 billion in the third quarter of 1954, or by $14 billion in all, when the primary contracting factors—inventory spending and Federal spending—declined between them by $23 billion?

Five Basic Facts

These are difficult questions and I cannot profess to be able to answer them completely. But five facts seem clear and basic to me:

(1) Our fiscal system automatically cushioned the economic decline.

(2) The monetary, tax, and expenditure policies pursued by the Administration helped to inspire widespread confidence on the part of people.

(3) Trade unions conducted their affairs with an eye to basic conditions and with a sense of responsibility.

(4) Both business firms and consumers retained great confidence in the economic future and expressed it by maintaining their spending at a high rate.

(5) Continued economic recovery in England and Western Europe helped to expand our exports and to bolster the prices of internationally traded raw materials.

Thus, many factors contributed to the recent course of events. On this occasion I must confine my remarks to the government's part in stemming the economic decline and easing the readjustment from war to peace.

I think it is well to recall at the outset that we have developed in our country a fiscal system that automatically tends to cushion or offset a decline in private income. The offsets cannot be counted on to prevent a depression, but they can be of very material assistance. For example, total personal income derived from production, decreased at an annual rate of about $3½ billion between July, 1953, and July, 1954. But in the meantime social security benefit payments to the public increased at a rate of about $2 billion, while tax payments by the public—quite apart from the change in rates that became effective this January—fell at the rate of another billion. Hence, these two factors alone served, in very large part, to offset the over-all decline of personal income from production.

Again, corporate income decreased at an annual rate of about $7½ billion between the second quarter of 1953 and the second quarter of 1954. In the meantime, the tax liability of corporations was cut by about $4 billion, merely as a result of the decline in income and quite apart from any change in the tax rate. Once again, therefore, our taxing machinery automatically cushioned the impact of a declining income on the sums available to corporations for paying dividends to their stockholders or adding to their capital.

Furthermore, the Federal price-support program for agriculture has resulted in considerable cash payments to farmers. If rigid price supports were continued, they would seriously aggravate the already large imbalance between production and markets. Nevertheless, they served to bolster farm incomes during recent months.

The government was not content, however, to play merely a passive role with respect to the economy. On the contrary, very definite and deliberate steps were taken to promote a stable prosperity.

Early in 1953, when a boom psychology existed and unemployment had reached a vanishing point, the government adopted a policy of restraining the expansion of credit. The aim was to prevent a reckless increase of investment and a deterioration in the quality of new credits, such as had often characterized the closing stages of economic booms in our history.

By May of 1953 it became clear that a restrictive credit policy had already accomplished its main purpose. The government therefore proceeded to ease credit conditions once again, first by expanding the reserves of commercial banks, second, by reducing the reserves that the banks were required to hold against their deposits, third, by rearranging the Treasury's financing so as not to compete with mortgages and other long-term issues. These steps were taken, it is highly important to recall, before (not after) the peak of business activity had been definitely passed.

Later, in September, 1953, when it seemed plain that an economic decline had already begun but when unemployment figures still continued to move downward for seasonal reasons, the government announced that it would make sizable tax cuts for individuals and corporations effective in January, 1954, so that people would have more money to spend or invest.

The President's Economic Program

In January, 1954, the President presented a comprehensive economic program to the Congress. This program was designed to strengthen incentives and to stimulate enterprise — through a revision of the tax laws, through an enlargement of the credit facilities for housing, through improvements of the highway system, and through a new and realistic agricultural policy. The program was also designed to foster economic stability by extending the protective scope of old age and unemployment insurance, and by giving the President authority to control the terms on which Federal assistance would be provided for housing loans and mortgages.

Between January and the closing of Congress, which—as you know — adopted the greater part of the President's economic program, further steps were taken by the government to ease general credit conditions and to reduce excises and other taxes. Aid was provided to some of our hard-pressed industries — notably, to shipbuilding through a new construction program, and to zinc and lead mining as a result of a revised stockpiling program. The government also attempted to assist localities suffering from unemployment by channeling contracts to them as far as feasible, by boosting the allowable rate of accelerated amortization, and by its job placement service.

This, in very broad outline, is the record of recent governmental action. That the measures taken by government have been reasonably effective is, I think, quite clear. Let me make, however, several observations.

I noted earlier that between July, 1953, and July, 1954, the personal income from production fell by an annual rate of around $3.5 billion, and that this decline was offset to a large degree by expanded social security benefit payments and the lower taxes that automatically accompanied the decline of incomes. These offsets were, of course, substantially reinforced by the deliberate reduction in personal income tax rates that became effective this January.

If we combine the effects, first, of the automatic reduction of tax payments resulting from reduced incomes, second, of the deliberate reduction of tax rates that occurred this year, third, of the expanded flow of social security benefit payments, we get a sum of offsets to a declining production income that comes to about $5 billion. Since the income derived from production declined by an annual rate of only $3.5 billion, the income available to the public for spending or saving actually increased by about $1.5 billion.

This result—namely, a rise in disposable personal income accompanying a 9% decline of industrial production—has no parallel, as far as I know, in our economic history. And this remarkable achievement has had a simple but very significant influence on consumer behavior. Consumers continued to spend their money rather freely and their expenditures on goods and services are now at a record level.

A second fact to which I wish to call attention is that during the recent period of contraction, expenditures on fixed investment were maintained at or very close to peak levels, while contracts for new construction — especially for housing, but also for commercial buildings, and state and local public works—rose significantly. Such sprightly behavior of investment is very unusual for a period of business contraction. I attribute this favorable development partly to the government's policy of easing credit conditions and partly to the high confidence of both business firms and consumers in their economic future.

The third point to which I wish to call attention is that the recent period of over-all economic stability has not been a period of stagnation. On the contrary, it has been a period in which the civilian economy has moved forward and expanded. Between the first quarter of this year and the third quarter, the gross national product remained unchanged. Since Federal spending during this interval declined at an annual rate of $6 billion, other categories of expenditure—that is, consumer spending, private domestic investment, foreign investment and state and local expenditure—must have increased, in the aggregate, by the same amount. This, of course, is what happened. Not only that, but each of these four broad streams of outlay expanded. No one who contemplates these facts is likely to escape the feeling that our economy has been manifesting great strength during a difficult period of readjusting from war to peace.

Time Required to Appraise Recent Setback

I must hasten to add, however, that more time must elapse before the recent setback of economic activity can be fully appraised. As of today, we know definitely that the decline in total output and expenditures has been small. We know that the decline has been halted. We know that a recovery in financial and investment markets has been under way for some months. We know that the decline of employment in our factories, shops, and offices has recently stopped and that an expansion has again been under way in recent weeks. We know also that the expansive stimulus of our newly enacted legislation has not as yet been fully felt. Beyond this rises the veil that separates us from the future.

Current indications are, however, that while economic trends are mixed, business activity as a whole is improving. Construction has been setting new records each month. Consumer spending is at an all-time high. The deflationary impact of Federal spending is abating. The worst phase of the inventory liquidation seems to be out of the way. The steel industry, which is very sensitive to the tides of trade, is now operating at a rate of 72%, whereas only a few weeks ago it was at a 60% level. Automobile production in your city and elsewhere will soon be in high gear again. The machinery trades have picked up. New orders are reported to be increasing all around. And the offices of architects are bursting with new plans for homes, factories, power plants, pipe lines, and all sorts of commercial buildings.

Entering a New Phase of Expansion

The evidence, as I read it, is therefore that we are again entering a phase of economic expansion. But as everyone of you knows, the art of economic forecasting is very imperfect. The history of economics is strewn with the errors of its practitioners. We cannot dismiss the possibility that the present recovery may prove abortive, as have many recoveries in the past.

If that should happen, the question naturally arises: What further steps, if any, will the government take to cope with the economic situation? Neither I, nor I believe anyone else, can answer this hypothetical question with the assurance of precise detail. I can say something, however, about the major premises on which the basic economic policy of our government has recently proceeded, and this may perhaps provide a clue to the future.

The first premise of our governmental policy, as I see it, is that we are living in an age of revolution. Violent political currents are stirring the world. Since our system of free and competitive enterprise is on trial, the government cannot stand aloof from the private economy but must be ready to take vigorous steps to help maintain a stable prosperity.

The second premise of our policy is that the government must take preventive action, and not trust exclusively to therapeutic measures. This means, among other things, that the government must try to enlarge the potential role of automatic economic stabilizers — especially, unemployment insurance. It means that the government must act well before extensive unemployment develops. It means also that the government must handle cautiously the fuel of inflation.

The third premise of our policy is that the government must conduct its affairs so as to inspire favorable expectations concerning the future on the part of people generally. This means that the government must look to the long-range consequences of its actions, as well as to immediate results. It means that the government must be capable of prompt as well as carefully considered action. It means that the government must avoid extravagance and make-work schemes, and yet meet fully its responsibility to provide those public assets on which an expanding private economy depends and of which our highway system, which has suffered great neglect in recent years, is merely an outstanding example. It means that the government must use monetary policy in a flexible manner and assign it a very high priority in the arsenal of contracyclical weapons. It means that the government must give priority to tax reduction over expanded expenditures in times when an unbalanced budget becomes difficult to avoid. And it also means that the government must use tax reduction with an eye to stimulating both consumption and investment, rather than the one or the other.

These are the basic premises that have controlled our business cycle policy in the recent past. If governmental policy in the months and years ahead continues to adhere to these premises, if government resists doctrinaire thinking of both the right and the left, if government steadily maintains a watchful eye on the state of business and consumer sentiment, and if it gives heed to the need of avoiding inflation as well as depression, we may, I think, be reasonably confident that — although we are likely to continue to have fluctuations in individual markets and to some degree even in the economy as a whole—we will avoid in the future the business depressions that have marred our brilliant record of free enterprise in the past.

With Pacific Coast Secs.

(Special to The Financial Chronicle)

SAN MARINO, Calif.—Palmer B. Ford has become affiliated with Pacific Coast Securities Co., 2304 Huntington Drive.

Join Standard Inv. Co.

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—John D. Christie, Irving Garvin and Wayne L. Mast have become connected with Standard Investment Co. of California, 210 West Seventh St.

With Bankers Bond & Secs.

(Special to The Financial Chronicle)

HANNIBAL, Mo. — Joseph A. Cady, Jr. is now with Bankers Bond & Securities Co., B. & L. Building.

Edward E. Braendle

Edward E. Braendle, associated with Bioren & Co., Philadelphia, passed away Oct. 9 at the age of 66.

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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. 24	§73.6	*72.8	68.7	95.0
Equivalent to—					
Steel ingots and castings (net tons)	Oct. 24	§1,755,000	*1,735,000	1,637,000	2,142,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Oct. 8	6,152,450	6,144,650	6,170,750	6,313,450
Crude runs to stills—daily average (bbls.)	Oct. 8	¶6,711,000	6,979,000	6,989,000	6,941,000
Gasoline output (bbls.)	Oct. 8	23,131,000	24,371,000	23,940,000	23,484,000
Kerosene output (bbls.)	Oct. 8	2,065,000	2,167,000	2,461,000	2,471,000
Distillate fuel oil output (bbls.)	Oct. 8	10,752,000	10,429,000	10,096,000	10,100,000
Residual fuel oil output (bbls.)	Oct. 8	7,016,000	7,908,000	7,718,000	8,460,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Oct. 8	151,550,000	152,118,000	153,279,000	140,287,000
Kerosene (bbls.) at	Oct. 8	38,480,000	38,390,000	36,717,000	37,260,000
Distillate fuel oil (bbls.) at	Oct. 8	131,198,000	127,836,000	121,734,000	128,926,000
Residual fuel oil (bbls.) at	Oct. 8	56,054,000	56,365,000	56,725,000	53,341,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Oct. 9	703,193	721,883	601,525	804,066
Revenue freight received from connections (no. of cars)	Oct. 9	604,658	614,044	521,967	661,525
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Oct. 14	$259,381,000	$192,931,000	$306,420,000	$268,942,000
Private construction	Oct. 14	141,832,000	92,655,000	185,151,000	101,896,000
Public construction	Oct. 14	117,549,000	100,276,000	121,269,000	167,046,000
State and municipal	Oct. 14	87,629,000	70,143,000	100,710,000	127,670,000
Federal	Oct. 14	29,920,000	30,133,000	20,559,000	39,376,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Oct. 9	8,250,000	7,990,000	6,645,000	9,254,000
Pennsylvania anthracite (tons)	Oct. 9	523,000	556,000	425,000	721,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Oct. 9	118	110	97	120
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Oct. 16	9,117,000	9,193,000	9,074,000	8,265,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Oct. 14	152	230	195	169
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Oct. 12	4.798c	4.798c	4.801c	4.634c
Pig iron (per gross ton)	Oct. 12	$56.59	$56.59	$56.59	$56.59
Scrap steel (per gross ton)	Oct. 12	$33.00	$32.00	$29.50	$32.33
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Oct. 13	29.700c	29.700c	29.700c	29.650c
Export refinery at	Oct. 13	30.250c	31.100c	29.675c	28.550c
Straits tin (New York) at	Oct. 13	93.375c	93.250c	93.875c	80.750c
Lead (New York) at	Oct. 13	15.000c	15.000c	14.500c	13.500c
Lead (St. Louis) at	Oct. 13	14.800c	14.800c	14.300c	13.300c
Zinc (East St. Louis) at	Oct. 13	11.500c	11.500c	11.500c	10.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Oct. 19	99.81	100.00	100.04	95.13
Average corporate	Oct. 19	110.70	110.70	110.52	105.17
Aaa	Oct. 19	115.63	115.43	115.24	110.34
Aa	Oct. 19	112.19	112.37	112.19	107.27
A	Oct. 19	110.52	110.52	110.70	104.83
Baa	Oct. 19	104.83	104.66	104.48	98.88
Railroad Group	Oct. 19	108.88	109.06	109.06	103.30
Public Utilities Group	Oct. 19	111.07	110.88	110.70	105.17
Industrials Group	Oct. 19	112.19	112.00	111.81	107.27
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Oct. 19	2.51	2.50	2.49	2.84
Average corporate	Oct. 19	3.13	3.13	3.14	3.44
Aaa	Oct. 19	2.87	2.88	2.89	3.15
Aa	Oct. 19	3.05	3.04	3.05	3.32
A	Oct. 19	3.14	3.14	3.13	3.46
Baa	Oct. 19	3.46	3.47	3.48	3.82
Railroad Group	Oct. 19	3.23	3.22	3.22	3.55
Public Utilities Group	Oct. 19	3.11	3.12	3.13	3.44
Industrials Group	Oct. 19	3.05	3.06	3.07	3.32
MOODY'S COMMODITY INDEX	Oct. 19	401.8	402.7	408.0	392.7
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Oct. 9	261,389	321,548	200,184	231,884
Production (tons)	Oct. 9	247,919	260,584	176,765	259,457
Percentage of activity	Oct. 9	93	95	70	97
Unfilled orders (tons) at end of period	Oct. 9	442,581	428,796	419,109	560,609
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Oct. 15	106.24	106.06	105.66	105.99
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	Oct. 2	942,032	986,339	901,335	594,442
Dollar value	Oct. 2	$46,602,053	$48,659,204	$42,999,937	$25,018,112
Odd-lot purchases by dealers (customers' sales)—					
Number of shares—Total sales	Oct. 2	973,696	1,041,945	892,108	503,643
Customers' short sales	Oct. 2	8,215	7,823	13,983	8,575
Customers' other sales	Oct. 2	965,481	1,034,122	878,125	495,074
Dollar value	Oct. 2	$45,371,349	$47,166,192	$39,872,818	$19,096,128
Round-lot sales by dealers—					
Number of shares—Total sales	Oct. 2	307,030	328,150	314,790	140,320
Short sales	Oct. 2	------	------	------	------
Other sales	Oct. 2	307,030	328,150	314,790	140,320
Round-lot purchases by dealers—					
Number of shares	Oct. 2	262,280	298,610	278,540	236,430
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. 25	385,700	403,810	358,600	352,450
Other sales	Sept. 25	10,855,170	10,353,830	10,165,570	5,550,840
Total sales	Sept. 25	11,240,870	10,757,640	10,524,170	5,903,290
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Sept. 25	1,279,220	1,207,550	1,262,720	632,950
Short sales	Sept. 25	211,800	202,350	196,000	125,260
Other sales	Sept. 25	1,003,570	1,031,530	1,043,660	505,930
Total sales	Sept. 25	1,215,370	1,233,880	1,239,660	631,190
Other transactions initiated on the floor—					
Total purchases	Sept. 25	344,600	397,250	330,660	210,340
Short sales	Sept. 25	22,400	26,650	16,680	21,700
Other sales	Sept. 25	342,550	361,290	321,730	173,200
Total sales	Sept. 25	364,950	387,940	338,410	194,900
Other transactions initiated off the floor—					
Total purchases	Sept. 25	407,420	444,575	360,710	218,630
Short sales	Sept. 25	46,690	53,180	41,140	44,150
Other sales	Sept. 25	428,060	458,550	441,166	180,855
Total sales	Sept. 25	474,750	511,730	482,306	225,005
Total round-lot transactions for account of members—					
Total purchases	Sept. 25	2,031,240	2,049,375	1,954,090	1,061,920
Short sales	Sept. 25	280,890	282,180	253,820	191,110
Other sales	Sept. 25	1,774,180	1,851,370	1,806,550	859,985
Total sales	Sept. 25	2,055,070	2,133,550	2,060,376	1,051,095
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Oct. 12	109.7	109.6	110.0	110.1
Farm products	Oct. 12	92.9	*92.2	93.1	95.1
Processed foods	Oct. 12	103.4	*103.3	106.1	104.2
Meats	Oct. 12	85.4	84.6	91.0	87.2
All commodities other than farm and foods	Oct. 12	114.6	114.6	114.5	114.6

*Revised figure. ¶Includes 665,000 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
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of Sept. (in millions):			
Total new construction	$3,619	$3,619	$3,362
Private construction	2,440	2,446	2,200
Residential building (nonfarm)	1,296	1,288	1,093
New dwelling units	1,165	1,150	965
Additions and alterations	106	110	103
Nonhousekeeping	25	28	25
Nonresidential building (nonfarm)	551	552	505
Industrial	160	160	177
Commercial	207	207	175
Warehouses, office and loft buildings	89	88	71
Stores, restaurants, and garages	118	119	104
Other nonresidential building	184	185	153
Religious	57	55	44
Educational	54	53	40
Social and recreational	19	20	15
Hospital and institutional	29	29	27
Miscellaneous	25	28	27
Farm construction	153	167	170
Public utilities	428	427	422
Railroad	38	37	41
Telephone and telegraph	56	56	51
Other public utilities	334	334	330
All other private	12	12	10
Public construction	1,179	1,173	1,162
Residential building	23	26	46
Nonresidential building	427	423	380
Industrial	127	130	147
Educational	192	187	153
Hospital and institutional	35	35	26
Other nonresidential building	73	71	54
Military facilities	86	82	118
Highways	445	440	428
Sewer and water	97	96	81
Miscellaneous public service enterprises	21	22	24
Conservation and development	66	69	73
All other public	14	15	12
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK— As of Sept. 30 (000's omitted)	$803,000	$749,000	$475,000
CONSUMER PRICE INDEX — 1947-49=100 — Month of August:			
All items	115.0	115.2	115.0
Food	113.9	114.6	114.1
Food at home	113.3	114.2	114.1
Cereals and bakery products	122.3	121.6	119.5
Meats, poultry and fish	107.6	109.7	114.1
Dairy products	105.1	104.3	109.1
Fruits and vegetables	114.7	120.1	112.7
Other foods at home	119.6	117.3	114.4
Housing	119.2	119.0	118.0
Rent	128.6	128.5	125.1
Gas and electricity	107.8	107.8	106.9
Solid fuels and fuel oil	121.9	121.1	123.9
Housefurnishings	105.4	105.7	107.4
Household operation	117.3	117.2	115.8
Apparel	103.7	104.0	104.3
Men's and boys'	106.4	106.6	107.3
Women's and girls'	97.7	98.2	98.7
Footwear	116.9	116.5	115.0
Other apparel	90.7	90.8	92.0
Transportation	126.6	126.7	130.6
Medical care	125.5	125.2	121.8
Personal care	113.4	113.3	112.7
Reading and recreation	106.6	107.0	107.6
Other goods and services	120.2	120.3	118.4
COTTON GINNING (DEPT. OF COMMERCE)— To Oct. 1 (running bales)	5,691,377	------	5,541,560
COTTON PRODUCTION — U. S. DEPT. OF AGRICULTURE—Estimates as of Oct. 1: Production 500-lb. gross bales	12,511,000	11,832,000	16,465,000
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49=100—Month of Sept.:			
Seasonally adjusted	124	124	133
Unadjusted	126	124	135
NEW CAPITAL ISSUES IN GREAT BRITAIN—MIDLAND BANK LTD.—Month of Sept.	£43,095,000	£116,066,000	£8,011,000
NEW YORK STOCK EXCHANGE—As of Sept. 3 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$2,081,277	$1,997,862	$1,625,074
Credit extended to customers	33,742	30,874	33,553
Cash on hand and in banks in U. S.	323,757	332,818	295,404
Total of customers' free credit balances	924,179	909,904	673,578
Market value of listed shares	150,658,921	142,284,335	110,478,753
Market value of listed bonds	109,349,656	109,495,032	93,472,388
Member borrowings on U. S. Govt. issues	168,476	211,025	106,026
Member borrowings on other collateral	1,437,260	1,292,312	1,122,306
NONFARM REAL ESTATE FORECLOSURES—FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION—Month of June	2,326	2,147	1,793
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of September:			
Net sales	$9,981,150	$17,154,500	------
Net purchases	------	------	$38,406,800
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of August (000's omitted):			
Exports	$1,177,000	$1,291,000	$1,184,000
Imports	835,000	832,000	841,048
U. S. GOVT. STATUTORY DEBT LIMITATION —As of September 30 (000's omitted):			
Total face amount that may be outstanding at any time	$281,000,000	$281,000,000	$275,000,000
Outstanding—			
Total gross public debt	274,809,874	274,955,006	272,936,996
Guaranteed obligations not owned by the Treasury	28,530	27,291	63,651
Total gross public debt and guaranteed obligations	$274,838,405	$274,982,297	$273,000,647
Deduct—other outstanding public debt obligations not subject to debt limitation	533,790	535,267	578,974
Grand total outstanding	$274,304,614	$274,447,030	$272,421,672
Balance face amount of obligations, issuable under above authority	6,695,385	6,552,969	2,578,327
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of September 30	$274,838,405	$274,982,297	$273,000,647
General fund balance	5,144,722	5,457,423	7,478,492
Net debt	$269,693,683	$269,524,874	$265,522,155
Computed annual rate	2.302%	2.292%	2.456%

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Continued from page 4

The State of Trade and Industry

in 1954, vehicle production is trailing the corresponding 1953 period by 17.4%; car assembly is down by 17%, while truck building is almost 19% behind like 1953.

Canadian manufacture also was at a 26-month low the past week as an estimated 1,827 cars and trucks were built, compared to 2,502 the week before and 7,046 in the same 1953 work period. The Oct. 11-16 total is expected to drop to the lowest level for Canadian vehicle production since the week of Aug. 9, 1952, when 101 cars and trucks were produced.

Steel Output Scheduled at Highest Rate Since Mid-February

Steel consumers are becoming delivery conscious again, says "Steel," the weekly magazine of metalworking, the current week.

They see the steel production rate going up in response to increased demand, and in some cases they find delivery dates are becoming extended. The biggest consumer—the automobile industry—still insists on quick delivery.

While demand has improved for some products, steel producers still are looking for business. One company that issues a weekly availability report no longer lists products on which deliveries have become extended. The producer is afraid the extended dates will scare customers away.

Reflecting the strengthening in demand, the national steel ingot production rate continues to go up. In the week ended Oct. 17, the fifth consecutive week of rise, the rate climbed to 73.5% of capacity. That's an increase of 2.5 points over the preceding week, making a total gain of 10 points in the last five weeks. The rate now is only 1.5 points below the high point of this year, states this trade magazine.

The steel market remains steady pricewise. "Steel's" price composite on finished steel remains at $117.95 a net ton, and its steelmaking scrap price composite holds at $32 a gross ton.

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 73.6% of capacity for the week beginning Oct. 18, 1954, equivalent to 1,755,000 tons of ingots and steel for castings as compared with 72.8% or 1,735,000 tons the actual output of 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 68.7% and production 1,637,000 tons. A year ago the actual weekly production was placed at 2,142,000 tons or 95.0%. The operating rate is not comparable because capacity was lower than capacity in 1954. The percentage figures for last year are based on annual capacity of 117,547,470 tons as of Jan. 1, 1953.

Electric Output Reacted to Lower Levels the Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Oct. 16, 1954, was estimated at 9,117,000,000 kwh., according to the Edison Electric Institute.

This represented a decrease of 76,000,000 kwh. below that of the previous week, but an increase of 852,000,000 kwh., or 10.3% over the comparable 1953 week and 1,436,000,000 kwh. over the like week in 1952.

Car Loadings Fall 2.6% Below Preceding Week

Loadings of revenue freight for the week ended Oct. 9, 1954, decreased 18,690 cars or 2.6% below the preceding week, according to the Association of American Railroads.

Loadings totaled 703,193 cars, a decrease of 100,873 cars or 12.5% below the corresponding 1953 week, and a decrease of 139,604 cars or 16.6% below the corresponding week in 1952.

U. S. Auto Output Touches Lowest Point In 26-Month Period Due to Model Changeovers

The automobile industry for the latest week, ended Oct. 15, 1954, according to "Ward's Automotive Reports," assembled an estimated 52,033 cars, compared with 63,925 (revised) in the previous week. The past week's production total of cars and trucks amounted to 64,721 units, a decline below the preceding week's output of 14,387 units or about 18%, states "Ward's." Further, car and truck output due to model changeovers in the past week touched the lowest point in a period of 26 months. In the like week of 1953 145,697 units were turned out.

Last week, the agency reported there were 12,688 trucks made in this country, as against 15,183 (revised) in the previous week and 23,276 in the like 1953 week.

"Ward's" estimated Canadian plants turned out 1,055 cars and 772 trucks last week, against 1,639 cars and 863 trucks in the preceding week and 5,400 cars and 1,646 trucks in the comparable 1953 week.

Business Failures Drop to Lower Levels in Holiday Week

Commercial and industrial failures declined considerably to 152 in the holiday-shortened week ended Oct. 14, 1954, from 230 in the preceding week, Dun & Bradstreet, Inc., reports. This sharp downturn brought casualties to the lowest level so far this year. Although slightly below the toll of 169 in the comparable week of 1953, they remained above the 139 which occurred in 1952. Compared with the prewar record, mortality was down 36% from the 1939 total of 237.

Failures involving liabilities of $5,000 or more fell to 130 from 187 in the previous week and were off slightly from the 138 of this size occurring last year. Among small casualties, those with liabilities under $5,000, there was a drop to 22 from 43 a week ago, and 31 in the corresponding week of 1953. Seventeen businesses failed with liabilities in excess of $100,000 as against eight last week.

Wholesale Food Price Index Strikes New 1954 Low

Down for the third week in a row, the wholesale food price index, compiled by Dun & Bradstreet, Inc., fell five cents to stand at $6.64 on Oct. 12. This marks a new low for the year and the lowest since Dec. 1, 1953 when it stood at $6.62. It represents a rise, however, of 1.1% over the year-ago figure of $6.57.

Higher in wholesale cost last week were corn, oats, butter, sugar, cottonseed oil, eggs, rice, steers, and lambs. On the down side were wheat, rye, barley, bellies, lard, coffee, cocoa, potatoes, currants, and hogs.

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 Index Registers 2.3% Gain In Latest Week Above A Year Ago

Continuing the mild upturn of the preceding week, the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc. rose to 276.83 on Oct. 11, from 275.76 a week earlier. The current level represents a gain of 2.3% over the comparable year-ago index of 270.71.

Grain markets were mixed last week. Rye prices declined sharply as expected purchases by West Germany again failed to materialize. Oats scored impressive advances on buying influenced by the belief that Canada will have only a small quantity of this grain for export as a result of the heavy damage in the western provinces. Cash corn values rose substantially. Marketings of the yellow cereal were smaller and barely adequate for the demand. Harvesting of the new crop has been delayed by rains over many parts of the corn belt. The wheat market was irregular. Reports of substantial sales of red wheat to West Germany had little or no effect on the market. Daily average purchases of all grain and soybean futures on the Chicago Board of Trade the past week totalled 40,600,000 bushels, as compared with 42,600,000 the previous week, and 39,300,000 in the like week a year ago.

Replacement purchases of hard wheat bakery flours remained the rule although a little more buying interest was evident among bakers and jobbers toward the latter part of the week.

A moderate export business in flour was reported with Holland, Norway and the Americas. The butter market was slightly easier reflecting disappointing demand at the wholesale level. Egg prices were firmer with a better demand for mediums and pullets. Raw sugar prices developed a steadier tone. A record beet sugar crop is in prospect, which is about 12% higher than a year ago, and 38% above average.

Cocoa prices continued to drop. Depressing influences included the better outlook for the West African crop, continued slow demand for actuals, and sales by producers at lower prices.

Spot coffee prices were slightly lower for the week although roaster interest in green supplies showed considerable improvement as the result of recent cooler weather.

Hog prices declined sharply in the early part of the week as market receipts continued in greater volume than a year ago.

Spot cotton prices moved irregularly in a narrow range last week. There was some weakness at times prompted by private estimates indicating a definite improvement in crop prospects, but declines were cushioned somewhat by prospects of a tight supply situation later in the season.

The October report of the Crop Reporting Board placed the 1954 cotton yield at 12,511,000 bales. This was 679,000 bales higher than the estimate of a month ago, but it was almost 4,000,000 bales below last year's production of 16,465,000 bales.

The New York Cotton Exchange Service Bureau predicted a domestic supply of about 22,200,000 bales at the end of the present season, and a carry-over of 8,500,000 bales, against 9,600,000 a year earlier.

Trade Volume Lifted Slightly the Past Week Stimulated By An Increase In Home Furnishings Sales

A disappointing lack of consumer interest in Winter clothing was generally attributed to the prevalence of unusually warm weather in many sections of the country. While shoppers thronged most stores on Columbus Day, their interest in heavier apparel was usually limited.

A rise in home furnishings sales helped to boost retail volume slightly above the previous week's level.

The dollar volume of retail trade in the period ended on Wednesday of last week was estimated by Dun & Bradstreet, Inc., to range from 3% below to 1% above a year ago. Regional estimates varied from the comparable 1953 level by the following percentages: New England —2 to +1; East and Middle West —5 to —1; South 0 to +4; Northwest —1 to +3; Southwest +1 to +5 and Pacific Coast +4 to 0.

While buyer attendance at the major wholesale centers was noticeably below last year's level, it was close to that in preceding weeks. Retailers frequently requested merchandise suitable for special promotions.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ending Oct. 9, 1954, decreased 2% from the level of the preceding wek. In th previous week, Oct. 2, 1954, a decrease of 2% was also reported from that of the similar week in 1953. For the four weeks ended Oct. 9, 1954, no change was recorded. For the period Jan. 1 to Oct. 9, 1954, department store sales registered a decrease of 2% below the corresponding period of 1953.

Retail trade in New York City last week was handicapped by a combination of warm weather early in the week and prior warnings of hurricane "Hazel" at the close of the period, which worked to cut sales volume about 8% to 12% below the similar week of last year.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended Oct. 9, 1954, registered a decline of 6% below the like period of last year. In the preceding week, Oct. 2, 1954, a decrease of 8% was reported from that of the similar week in 1953, while for the four weeks ended Oct. 9, 1954, a decline of 2% was reported. For the period Jan. 1 to Oct. 9, 1954, no change was registered from that of the 1953 period.

Inv. Companies Ass'n Elect New Officers

The National Association of Investment Companies has elected the following officers for three-year terms:

Harry I. Prankard 2nd, Lord, Abbett & Co., New York, President; Dwight P. Robinson, Jr., Massachusetts Investors Trust, Boston; Cyril J. C. Quinn, J. & W. Seligman & Co., New York; Hardwick Stires, Scudder, Stevens & Clark, Inc., New York, and Chauncey L. Waddell, Waddell & Reed, Inc., New York, Vice-Presidents.

Hold-over members of the Executive Committee are George D. Aldrich, Parker Corporation, Boston; H. J. Simonson, Jr., National Securities & Research Corporation, New York; Joseph E. Welch, Wellington Company, Philadelphia; Charles M. Werly, Incorporated Investors, Boston; R. M. Williams; Robert E. Clark, Calvin Bullock; Edward C. Johnson, 2nd, Crosby Corporation, Boston; Paul A. Just, Television Shares Management Corporation; William F. Morton; Dorsey Richardson, Lehman Corporation, New York.

Phila. Inv. Women Dinner Meeting

PHILADELPHIA, Pa.—The Investment Women's Club of Philadelphia will hold its second dinner meeting of the 1954-55 season on Monday, Nov. 15 at 6:15 p.m., in the Regency Room of the Barclay Hotel.

Miss Lucille Farrell of H. G. Kuch & Co., Chairman of the Entertainment Committee has announced that the guest speaker will be Mr. Oscar Kind, Jr. Mr. Kind, who is a certified gemologist, has selected as his topic "Gems and Gem Stones," a subject which will prove very interesting to everyone.

Mr. Kind is well known to most Philadelphians as the President of S. Kind & Sons, one of the Philadelphia's favorite jewelry stores. He is also President of the American Gem Society and the American National Retail Jewelers Association.

J. O. Keene Co. Formed

NORFOLK, Va.—J. O. Keene is engaging in a securities business from offices in the Bankers Trust Building under the firm name of J. O. Keene & Co.

Form Uranium Brokers

LAS VEGAS, Nev. — Uranium Brokers, Inc. has been formed with offices at 131 North Third Street to engage in a securities business. Officers are Richard W. Eckles, President; Paul F. Anhalt, Vice-President; R. S. Wray, Secretary-Treasurer. Claude E. Stout is General Manager for the firm.

Joins H. Hentz Staff

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Rudolph Kopelman has become associated with H. Hentz & Co., 9680 Santa Monica Boulevard.

Joins J. A. Hogle & Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Thomas F. Nichols has become associated with J. A. Hogle & Co., 428 North Camden Drive. Mr. Nichols was previously with H. Hentz & Co.

First California Adds

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Calif. — Gerald C. Hutchins has been added to the staff of First California Company Incorporated, Bank of America Building.

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● ITEMS REVISED

★ Aid Investment & Discount, Inc., Akron, Ohio
Oct. 11 (letter of notification) 10,000 shares of common stock (par $1) to be offered to employees pursuant to Employees' Stock Purchase Plan. **Price**—At market (estimated at $4.75 to $5.25 per share) to aggregate not exceeding $50,000. **Proceeds** — To reimburse company for cost of purchase of shares in open market. **Office**—106 North Main Street, Akron, Ohio. **Underwriter** — None.

● Alabama Gas Corp., Birmingham, Ala.
Sept. 29 filed 84,119 shares of comon stock (par $2) being offered for subscription by common stockholders Oct. 19 at rate of one new share for each 10 shares held (with an oversubscription privilege); warrants to expire Nov. 10. **Price**—$22 per share. **Proceeds**—For construction program. **Underwriter**—Allen & Co., New York.

★ Albuquerque Exploration, Inc.
Oct. 8 (letter of notification) 138,600 shares of preferred stock (par $1), of which 131,600 shares are to be offered for account of the company, and 7,000 shares for account of two selling stockholders. **Price**—$2 per share. **Proceeds**—For exploration and development expenses. **Office**—227 First National Bank Building, Albuquerque, N. Mex. **Underwriter**—None.

Allied Thermal Corp., New Britain, Conn.
Sept. 23 (letter of notification) 5,333 shares of common stock (par $25) being 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.

Allen Discount Corp., Boulder, Colo.
Aug. 13 (letter of notification) 900,000 shares of class B non-voting common stock. **Price**—At par (25 cents per share). **Proceeds**—For loans (mainly promissory notes). **Office**—1334 Pearl Street, Boulder, Colo. **Underwriter**—Allen Investment Co., Boulder, Colo.

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 Buyers Insurance Co., Phoenix, Ariz.
Aug. 18 (letter of notification) 2,500 shares of common stock, being offered to stockholders of record Aug. 16 on a pro rata basis; rights to expire on Nov. 12. **Price** — At par ($10 per share.) **Proceeds** — To acquire capital required by Arizona law for a stock benefit insurance company. **Office**—2001 East Roosevelt, Phoenix, Ariz. **Underwriter**—None.

American-Canadian Oil & Drilling Corp.
May 12 filed 1,500,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For drilling expenses and acquisition of additional properties for development and exploration, and related activities. **Office**—Dallas, Tex. **Underwriter**—None.

American 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. (10/22-25)
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; rights to expire Nov. 8. **Price**—$2 per share. **Proceeds**—To finance growth and expansion of the company's business. **Underwriters**—Johnston, Lemon & Co., Washington, D. C.; and Hettleman & Co., New York, N. Y.

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.

Aztec Oil & Gas Co., Dallas, Tex.
Oct. 13 filed 285,005 shares of common stock (par $1) to be offered for subscription by common stockholders of record Oct. 29 at the rate of one new share for each seven shares held. **Price** — To be supplied by amendment. **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 to increase working capital. **Underwriter**—None.

● Barium Steel Corp., New York (11/1)
Oct. 12 filed 599,215 shares of common stock (par $1) to be offered for subscription by common stockholders at rate of one new share for each four shares held. **Price**—To be supplied by amendment. **Proceeds** — To repay short term loan made to subsidiary; a major portion for completion of seamless tube mill being constructed; and for general corporate purposes. **Underwriter**—Lee Higginson Corp., New York.

★ Beckman Instruments, Inc. (11/4)
Oct. 18 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment (to be related to market price at time of offering). **Proceeds**—To retire $1,000,000 of short term unsecured notes and for expansion and working capital. **Underwriter** — Lehman Brothers, New York.

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 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**—

Continued on page 54

NEW ISSUE CALENDAR

October 22 (Friday)

American Mercury Insurance Co.________Common
(Offering to stockholders—underwritten by Johnston, Lemon & Co. and Hettlemen & Co.) $300,000

Zotox Pharmacal Co., Inc.______________Common
(Frederick H. Hatch & Co., Inc.) $300,000

October 25 (Monday)

Buffalo Forge Co.________________________Common
(Hornblower & Weeks) 85,000 shares

Florida Power Corp.______________________Bonds
(Bids to be invited) $12,000,000

Puerto Rico (Commonwealth of)____________Bonds
(Bids noon EST) $10,000,000

October 26 (Tuesday)

Cott Beverage Corp.______________________Common
(Ira Haupt & Co.) 200,000 shares

Templeton Growth Fund of Canada, Ltd.___Common
(White, Weld & Co.) $9,675,000

Thompson-Starrett Co., Inc.____________Preferred
(Blair & Co., Inc. and Emanuel, Deetjen & Co.) $1,180,000

Thompson-Starrett Co., Inc.______________Common
(Blair & Co., Inc. and Emanuel Deetjen & Co.) 118,000 shares

Wisconsin Michigan Power Co.______________Bonds
(Bids 11 a.m. EST) $3,000,000

October 27 (Wednesday)

Continental Uranium, Inc.________________Common
(Van Alstyne, Noel & Co.) $1,250,000

Cortland Equipment Lessors, Inc.______Debentures
(Merrill Lynch, Pierce, Fenner & Beane) $75,000,000

Florida Power & Light Co.________________Bonds
(Bids 11:30 a.m. EST) $10,000,000

Israel-Mediterranean Petroleum, Inc.____Common
(Gearhart & Otis. Inc.) 750,000 shares

Mead Corp. _____________________________Preferred
(Drexel & Co. and Harriman Ripley & Co. Inc.) $7,500,000

Pacific Clay Products ___________________Common
(Kidder, Peabody & Co.) 43,625 shares

Pan-Israel Oil Co., Inc.________________Common
(Gearhart & Otis, Inc.) 750,000 shares

Upper Peninsula Power Co.________________Common
(Offering to stockholders—underwritten by Kidder, Peabody & Co. and Paine, Webber, Jackson & Curtis) 30,625 shares

October 28 (Thursday)

Continental Oil Co.____________________Debentures
(Morgan Stanley & Co.) $100,000,000

General Telephone Co. of Pennsylvania___Preferred
(Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp.) 30,000 shares

Israel-American Oil Corp.________________Common
(Bear, Stearns & Co.) 750,000 shares

Southern Railway Co.______________________Notes
(Bids noon EST) $15,000,000

November 1 (Monday)

Barium Steel Corp.______________________Common
(Offering to stockholders—underwritten by Lee Higginson Corp.) 599,215 shares

November 4 (Thursday)

Beckman Instruments, Inc.________________Common
(Lehman Brothers) 150,000 shares

Colorado Oil & Gas Corp.______________Preferred
(Exchange offer to Derby Oil Co. common stockholders —underwritten by Union Securities Corp.) $12,195,500

November 8 (Monday)

National Fuel Gas Co.____________________Common
(Offering to stockholders—no underwriting) 381,018 shares

Yard-Man, Inc. __________________________Common
(Watling, Lerchen & Co.) $1,121,680

November 9 (Tuesday)

Chesapeake & Ohio Ry.______________________Bonds
(Bids to be invited) $40,000,000

Sierra Pacific Power Co.__________________Bonds
(Bids 11 a.m. EST) $4,000,000

November 11 (Thursday)

Penn Fruit Co.______________Preferred and Common
(Hemphill, Noyes & Co.) 100,000 shares of each

November 16 (Tuesday)

Pacific Telephone & Telegraph Co._____Debentures
(Bids to be invited) $50,000,000

November 17 (Wednesday)

Crescent Uranium Mines, Inc.______________Common
(Tellier & Co.) $300,000

November 30 (Tuesday)

Interstate Power Co.____________________Preferred
(Bids to be invited) $10,000,000

December 14 (Tuesday)

New Orleans Public Service Inc.____________Bonds
(Bids to be invited) $6,000,000

December 15 (Wednesday)

Illinois Central RR.__________________Debentures
(Bids to be invited) $18,000,000

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Continued from page 53

For mining operations. Office—136 S. State Street, Salt Lake City, Utah. Underwriter—P. G. Christopulos & Co., same city.

★ Brattleboro Development Credit Corp.
Oct. 11 (letter of notification) $225,000 of 5% collateral trust coupon bonds. Price—At 100%. Proceeds—For construction. Underwriter—None.

Brothers Chemical Co. (N. J.)
Oct. 1 (letter of notification) 109,000 shares of common stock (par 10 cents). Price—$2.75 per share. Proceeds—For working capital. Office — 575 Forest St., Orange, N.J. Underwriter—Batkin & Co., New York.

● Buffalo Forge Co., Buffalo, N. Y. (10/25)
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.

● Burlington Mills Corp., Greensboro, N. C.
Oct. 1 filed 151,936 shares of 4½% preference stock (par $100) and 546,969 shares of common stock (par $1) being offered in exchange for the 455,807 outstanding shares of capital stock of Pacific Mills not now owned by Burlington Mills on the basis of one-third share of preferred and 1⅕ shares of common stock for each Pacific Mills share. The offer is to expire on Nov. 5, 1954, unless extended. Burlington Mills presently own 503,245 shares, or 52.4% of the outstanding Pacific Mills stock. Underwriter—None.

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.

California Tuna Fleet, Inc., San Diego, Calif.
Sept. 29 filed $4,000,000 of 6% sinking fund debentures due 1966 and 160,000 shares of common stock (par five cents) to be offered in units of a $500 debenture and 20 shares of stock. Price—To be supplied by amendment. Proceeds—For purchase from National Marine Terminal, Inc. of its undivided interest in 17 tuna clippers, subject to certain liabilities; for construction of four tuna clippers; and the balance for working capital and general corporate purposes. Underwriter — Barrett Herrick & Co., Inc., New York.

Canadian Delhi Petroleum Ltd., Calgary, Can.
Oct. 5 filed 268,868 shares of capital stock (par 10 cents-Canadian) to be offered for subscription by stockholders of record Oct. 15, at the rate of one new share for each 12 shares held. Price—To be supplied by amendment. Proceeds—To be advanced to Canadian Delhi Oil Ltd., a wholly-owned subsidiary. Underwriter—None.

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 McKafe 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.
Sept. 22 filed $3,772,100 of 3½% convertible debentures due 1964 being 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—100% of principal amount. Proceeds — To retire $2,800,000 outstanding 4½% debentures due 1972 and for construction program. Underwriter—Kidder, Peabody & Co., New York.

Central Uranium & Milling Corp., Denver, Colo.
Sept. 27 (letter of notification) 600,000 shares of common stock (par one cent). Price — 50 cents per share. Proceeds — For exploration and development expenses. Office — Empire Bldg., Denver, Colo. Underwriters—Gearhart & Otis, Inc., and Jay W. Kaufmann & Co., both of 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.

Cessna Aircraft Co., Wichita, Kan.
Sept. 29 (letter of notification) 1,800 shares of common stock (par $1). Price—At market. Proceeds—To Dwane L. Wallace, the selling stockholder. Underwriter—Harris, Upham & Co., New York.

Cessna Aircraft Co. (Kansas)
Aug. 9 (letter of notification) 1,700 shares of common stock (par $1). Price—$14 per share. Proceeds—To Getto McDonald, a director. Underwriter—Harris, Upham & Co., New York.

Cherokee Utah Uranium Corp.
June 24 (letter of notification) 6,000,000 shares of capital stock (par one cent). Price—Three cents per share. Proceeds—For mining expenses. Office—65 East 4th South, Salt Lake City, Utah. Underwriter—Cromer Brokerage Co., Salt Lake City, Utah.

★ Chesapeake Industries, Inc.
Oct. 15 filed 996,304 shares of common stock (par $1) and 33,818 shares of $4 cumulative preferred stock (par $10) to be offered in exchange for preferred and common shares of Home & Foreign Securities Corp. and Oils & Industries, Inc., common shares of common stock of Intercontinental Holdings, Ltd. and Intercoast Petroleum Corp. and capital stock of Colonial Trust Co. The offer is subject to deposit of not less than 90% of the stock of Colonial and not less than 80% of the stock of the first three companies mentioned above.

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 Oil & Gas Corp., Denver, Colo. (11/4)
Oct. 7 filed 487,820 shares of $1.25 preferred stock (par $25), to be offered in exchange for common stock of Derby Oil Co. on a share-for-share basis. Underwriter—Union Securities Corp., New York, and associates will offer to purchase any of the preferred shares issued at $25 per share and accrued dividends.

Columbia Telephone Co.
Sept. 16 (letter of notification) 5,000 shares of common stock (par $25) being 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.

Commodity Holding Corp.
Oct. 6 (letter of notification) 1,460,000 shares of common stock (par five cents). Price—20 cents per share. Proceeds—For working capital. Business—Trading in commodities. Office—15 Exchange Place, Jersey City, N. J. Underwriter—Batkin & Co., New York.

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.

● Continental Oil Co. (10/28)
Oct. 6 filed $100,000,000 of sinking fund debentures due Nov. 1, 1984. Price — To be supplied by amendment. Proceeds—To retire $45,000,000 3¼% term loan notes now payable to banks, for exploration and development of oil and gas properties and for other general corporate purposes. Underwriter — Morgan Stanley & Co., New York.

● Continental Uranium, Inc. (10/27-28)
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.

Cortland Equipment Lessors, Inc. (10/27)
Oct. 7 filed $50,000,000 of serial debentures, series A, due annually from Nov. 1, 1955 to and including Nov. 1, 1964, and $25,000,000 of sinking fund debentures, series B, due Nov. 1, 1969. Price—To be supplied by amendment. Proceeds—To repay $53,382,500 of notes held by 16 banks; to repay advances received from Safeway Stores, Inc., its parent, amounting to $14,577,-473; and for working capital, etc. Office — Oakland, Calif. Underwriter—Merrill Lynch, Pierce, Fenner & Beane, New York.

Cott Beverage Co. (10/26-28)
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.

★ Crescent Uranium Mines, Inc. (11/17)
Oct. 13 (letter of notification) 2,000,000 shares of common stock (par one cent). Price—15 cents per share. Proceeds—For exploration and development costs. Office—1028 First National Bank Building, Denver, Colo. Underwriter—Tellier & Co., Jersey City, N. J.

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.

● Dole (James) Engineering Co.
Sept. 17 (letter of notification) $217,524 of 5% convertible income notes due Jan. 1, 1961 being offered to stockholders of record Oct. 14 on the basis of $1 of notes for each five shares of stock held; rights to expire on Nov. 10. 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.

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.

★ Farnan & Seemann, Inc., Los Angeles, Calif.
Oct. 11 (letter of notification) 2,000 shares of 6% cumulative convertible preferred stock to be offered for subscription by common stockholders of record Oct. 4 on the basis of one share of preferred stock for each 8.2 shares of common stock held; rights to expire on Nov. 17. Unsubscribed shares to be offered to employees. Price—At par ($50 per share). Proceeds—For working capital. Office—752 N. Highland Avenue, Los Angeles, Calif. Underwriter—None.

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.

Florida Power Corp. (10/25)
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. 25.

Florida Power & Light Co. (10/27)
Sept. 30 filed $10,000,000 of first mortgage bonds due 1984. Proceeds—For construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc. and Lehman Brothers (jointly); White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane; Harriman Ripley & Co. Inc. Bids—To be received up to 11.30 a.m. (EST) on Oct. 27 at Room 2033, Two Rector St., New York 6, N. Y.

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.

Four States Uranium Corp., Grand Junction, Colo.
Aug. 16 (letter of notification) 300,000 shares of common stock. Price—At par ($1 per share). Proceeds—For exploratory and development expenses. Office — 618 Rood Avenue, Grand Junction, Colo. Underwriter — Joe Rosenthal, 1669 Broadway, Denver, Colo.

Gas Incorporated, Lowell, Mass.
Oct. 8 (letter of notification) 8,695 shares of preferred stock. Price—At par ($23 per share) and accrued dividends. Proceeds—To repay notes and purchase additional property. Office — 81-95 East Merrimack St., Lowell, Mass. Underwriter—F. L. Putnam & Co., Inc., Boston, Mass.

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.

Gatineau Uranium Mines Ltd. (Canada)
Aug. 10 (Regulation "D") 300,000 shares of common stock. Price—At par ($1 per share). Proceeds—For exploration and development costs. Office — 100 Adelaide St. West, Toronto, Canada. Underwriter—McCoy & Willard, Boston, Mass.

● General Gas Corp.
Sept. 22 filed 143,500 shares of common stock (par $5) being 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 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.

General Telephone Co. of Pennsylvania (10/28)
Oct. 7 filed 30,000 shares of $2.25 preferred stock (no par). Price—To be supplied by amendment. Proceeds—To repay bank loans and for additions and improvements. Underwriters—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., New York.

★ Gilpin County Uranium Corp., Denver, Colo.
Oct. 11 (letter of notification) 500,000 shares of common stock (par five cents). Price—20 cents per share. Proceeds—For exploration and development costs. Underwriter—None.

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

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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) being offered for subscription by stockholders at rate of one new share for each 13 shares held as of Sept. 28; rights to expire on Nov. 4. **Price**—At par. **Proceeds**—For construction program. **Underwriter**—None.

Hawkeye-Security Insurance Co.,
Oct. 4 (letter of notification) 6,000 shares of 5% cumulative preferred stock. **Price**—At par ($50 per share). **Proceeds** — For general corporate purposes. **Underwriters**—T. C. Henderson & Co., Inc. and Becker & Cownie, Inc., both of Des Moines, Iowa.

★ Headley (George L.) Associates, Inc.
Oct. 15 (letter of notification) 295,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Underwriter**—F. M. Hall & Co., New York, N. Y.

Homestead Uranium Corp., Salt Lake City, Utah
Aug. 23 (letter of notification) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Proceeds** — For exploration and development expenses. **Office**—65 East Fourth South St., Salt Lake City, Utah. **Underwriter**—Cromer Brokerage Co., of the same city.

Husky Oil Co., Cody, Wyo.
Sept. 29 filed 14,899 shares of 6% cumulative ...st 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.

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-American Oil Corp. (10/28)
Oct. 5 filed 750,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For exploration and development program. **Underwriter**—Bear, Stearns & Co., New York.

● Israel-Mediterranean Petroleum, Inc. (10/27)
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 are 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.

★ Laboratory for Electronics, Inc., Boston, Mass.
Oct. 14 (letter of notification) 16,000 shares of common stock (par $1). **Price**—$18 per share. **Proceeds**—To 10 selling stockholders (including Pennroad Corp.). **Office**—75 Pitts St., Boston, Mass. **Underwriter** — Schirmer, Atherton & Co., same city.

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.

Liberty Uranium Corp., Salt Lake City, Utah
July 1 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds**—For mining operations. **Office**—402 Darling Bldg., Salt Lake City, Utah. **Underwriter** — Uranium Mart, Inc., 146 S. Main St., Salt Lake City, Utah.

● Lincoln Telephone & Telegraph Co.
Sept. 22 (letter of notification) 9,623 shares of common stock (par $16⅔) being 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.

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.

★ Lunn Laminates, Inc.
Oct. 15 (letter of notification) 8,000 shares of common stock (par 25 cents). **Price**—At market (about $5.75 per share). **Proceeds**—To selling stockholder. **Office**—Oakwood Road and West 11th Street, Huntington Station, Huntington, N. Y. **Underwriter** — Fahnestock & Co., New York.

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.

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.

Marion River Uranium Co.
June 14 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For development expenses. **Underwriter**—Crerie & Co., Houston, Tex.

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.

Mead Corp., Dayton, Ohio (10/27)
Oct. 6 filed 150,000 shares of cumulative convertible preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Business**—Manufacture and sale primarily of white paper and paperboard. **Underwriters** — Drexel & Co., Philadelphia, Pa., and Harriman Ripley & Co. Inc., New York.

Mercast Corp., N. Y.
Sept. 30 (letter of notification) 5,000 shares of common stock (par 10 cents). **Price**—$4.75 net to sellers. **Proceeds**—To Atlas Corp. **Office**—295 Madison Ave., New York 17, N. Y. **Underwriter**—Franklin, Mayer & Barnett, New York City.

Merritt-Chapman & Scott Corp.
Sept. 7 filed 448,868 shares of common stock (par $12.50) being 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. The offer will expire on Oct. 26. **Underwriter**—None.

Metals & Controls Corp., Attleboro, Mass.
Oct. 7 (letter of notification) 8,000 shares of common stock (par $5). **Price**—$33.50 per share. **Proceeds**—For working capital. **Office**—34 Forest St., Attleboro, Mass. **Underwriter**—Brown, Lisle & Marshall, Providence, R. I.

Mississippi Power & Light Co.
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. **Offering**—Temporarily postponed.

Monte Cristo Uranium Corp., Moab, Utah
Oct. 5 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For exploration and development expenses. **Underwriter**—James E. Reed Co., 139 North Virginia St., Reno, Nev.

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.

Moore Fabrics, Inc., Pawtucket, R. I.
Sept. 24 (letter of notification) 40,000 shares of common stock. **Price**—At par ($7.50 per share). **Proceeds**—For working capital. **Office**—45 Washington St., Pawtucket, R. I. **Underwriter**—Barrett & Co., same city.

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.

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 investments in and advances to subsidiaries. **Underwriter**—None.

Nevada Southern Gas Co.
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 Mexico Copper Corp., Carrizozo, N. M.
June 14 (letter of notification) 198,000 shares of capital stock (par 25 cents). **Price**—50 cents per share. **Proceeds**—For acquisition of power plant, improvement of mill, development of properties and general corporate purposes. **Underwriter**—Mitchell Securities, Inc., Baltimore, Md.

New 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.

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.

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., Salt Lake City, Utah. **Underwriter** — Rocky Mountain Securities, the same city.

Old Hickory Copper Co., Phoenix, Ariz.
Oct. 7 (letter of notification) 750,000 shares of common stock (par 10 cents). **Price**—40 cents per share. **Proceeds** — For mining expenses. **Offices** — Mayer-Heard Bldg., Phoenix, Ariz., and 2 Broadway, New York, N. Y. **Underwriter**—General Investing Corp., New York.

★ Oregon Washington Telephone Co.
Oct. 7 (letter of notification) 1,000 shares of 5% cumulative preferred stock to be offered for subscription by present preferred stockholders on an allotment basis; rights to expire on Nov. 19. **Price**—At par ($100 per share). **Proceeds**—To retire bank loan. **Office**—Hood River, Ore. **Underwriter**—Zilka, Smither & Co., Inc., Portland, Ore.

● Pacific Clay Products, Los Angeles (10/27)
Oct. 6 filed 43,625 shares of capital stock (par $8). **Price**—To be supplied by amendment. **Proceeds**—To Reese L. Milner, the selling stockholder. **Underwriter**—Kidder, Peabody & Co., New York.

★ Pacific Telephone & Telegram Co. (11/16)
Oct. 20 filed $50,000,000 of 35-year debentures due Nov. 15, 1989. **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.

Package Machinery Co.
Oct. 1 filed 60,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—From sale of stock, and from private placements of notes and debentures, to be used to retire $1,050,000 of debentures now outstanding, to acquire capital stock of Reed-Prentice Corp., and for working capital. **Underwriter**—F. S. Moseley & Co., Boston, Mass. **Offering**—Expected today (Oct. 21).

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. (10/27)
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.

Continued on page 56

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Continued from page 55

★ Panellit, Inc., Skokie, Ill.
Oct. 19 filed 105,000 shares of common stock (par $1), of which 60,000 shares are for the account of the company and 45,000 shares for the account of certain selling stockholders. **Price** — To be supplied by amendment. **Proceeds**—For expansion program. **Business**—Manufactures modern automatic control and data reduction systems. **Underwriter** — Bear, Stearns & Co., and Lehman Brothers, both of New York.

Paramount Uranium Corp., Moab, Utah
Oct. 7 (letter of notification) 6,000,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Office**—325 Main St., Moab, Utah. **Underwriter**—Van Blerkom & Co., Salt Lake City, Utah.

Peabody Coal Co., Chicago, Ill.
July 14 (letter of notification) 17,300 shares of 5% convertible prior preferred stock (par $25). **Price**—At market (estimated at $11.75 per share). **Proceeds**—To certain selling stockholders.—**Underwriter**—Fairman, Harris & Co., Inc., Chicago, Ill.

● Peerless Casualty Co., Keane, N. H.
Sept. 24 filed 170,000 shares of common stock (par $5) being offered for subscription by common stockholders on the basis of one new share for each two shares held of record Oct. 15; rights to expire on Nov. 2. **Price**—$26 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Kidder, Peabody & Co., New York.

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.

Pioneer Uranium Corp., Moab, Utah
Oct. 8 (letter of notification) 75,000 shares of capital stock (par 15 cents). **Price**—At market (approximately 33 cents per share). **Proceeds** — For working capital. **Underwriter**—Harrison S. Brothers & Co., Salt Lake City, Utah.

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 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.

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 Juan Racing Association (Puerto Rico)
Oct. 1 (letter of notification) 100,000 shares of common stock (par 50 cents). **Price**—$3 per share. **Proceeds**—To build and operate a horse-racing establishment in Puerto Rico. **Office**—Flamingo Bldg., Santurce, P. R. **Underwriter**—Hunter Securities Corp., New York.

Santa Fe Uranium Co., Salt Lake City, Utah
Aug. 5 (letter of notification) 1,500,000 shares of common stock (par five cents). **Price**—20 cents per share. **Proceeds**—For exploration and development of properties. **Underwriter**—Coombs & Co., Salt Lake City, Utah.

★ Shenandoah Gas Co., Lynchburg, Va.
Oct. 18 filed $741,000 of 6% sinking fund debentures due 1979 and 114,000 shares of common stock (par $1) to be offered in units of $6.50 principal amount of debentures and one share of stock. **Price**—$11.50 per unit. **Proceeds** — To repay bank loans, repurchase shares of common stock of company, for construction program and other general corporate purposes. **Underwriter** — Scott, Horner & Mason, Inc., Lynchburg, Va.

Sierra Pacific Power
Sept. 10 filed 34,807 shares of common stock (par $15) being 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**—$32 per share. **Proceeds**—To repay bank loans and for new construction. **Underwriters** — Stone & Webster Securities Corp., New York; and Dean Witter & Co., San Francisco, Calif.

Sierra Pacific Power Co. (11/9)
Oct. 8 filed $4,000,000 of first mortgage bonds due Nov. 1, 1984. **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. **Bids**—Expected to be received up to 11 a.m. (EST) on Nov. 9.

★ Slick Rock Uranium Development Corp.
Oct. 8 (letter of notification) 2,900,000 shares of common stock (par five cents), including shares for option to underwriter and prior property owner to be amended. **Price**—10 cents per share. **Proceeds**—For development and exploration expenses. **Office**—Newhouse Hotel, Salt Lake City, Utah. **Underwriter** — Van Blerkom & Co., same city.

Solomon Uranium & Oil Corp., Inc.
Oct. 7 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Offices** — 506 Beason Bldg., Salt Lake City, Utah, and 1016 Baltimore Bldg., Kansas City, Mo. **Underwriter**—E. R. Bell & Co., Kansas City, Mo.

Southeastern Fund, Columbia, S. C.
Oct. 8 (letter of notification) 57,619 shares of common stock (par $1), $100,000 of 8-year 6% subordinated sinking fund debentures due 1962 (with stock purchase warrants to purchase 15,000 shares of common stock). **Price**—Of stock, $2.62½ per share; and of debentures, at par. **Proceeds**—To invest in capital stock of wholly-owned subsidiaries, to purchase additional sales contracts, and for working capital. **Office**—1224 Sumter St., Columbia, S. C. **Underwriters**—Reynolds & Co., Winston-Salem, N. C.; Powell & Co., Fayetteville, N. C.; Lloyd E. Canady & Co., Raleigh, N. C.; Smith-Clanton & Co., Greensboro, N. C.; and Frank S. Smith & Co., Inc., Columbia, S. C.

Southern New England Telephone Co.
Sept. 17 filed 488,888 shares of capital stock (par $25) being 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.

Southwestern Financial Corp., Dallas, Texas
Aug. 30 (letter of notification) 285,000 shares of common stock (par 10 cents) being offered first for subscription by stockholders of Texas Industries, Inc. (with a 14-day standby). **Price**—$1 per share. **Proceeds**—To purchase equipment and for working capital. **Underwriters** — Rauscher, Pierce & Co., Dallas, Texas; and Russ & Co., San Antonio, Texas.

Square Root Industries, Inc.
Sept. 30 (letter of notification) 1,000,000 shares of common stock (par 10 cents) to be first offered to stockholders. **Price** — 30 cents per share. **Proceeds** — For working capital. **Office** — 391 Saw Mill River Road, Yonkers, N. Y. **Underwriter**—Israel & Co., New York.

★ Standard Oil Co. (New Jersey)
Oct. 15 filed 8,969,055 shares of capital stock (par $15) to be offered in exchange for Humble Oil & Refining Co. capital stock on the basis of nine shares of Standard for 10 shares of Humble. The offer is subject to tender of at least 2,765,616 shares so that Sandard will own at least 80% or more of the Humble Oil capital stock. **Underwriter**—None.

★ State Street Investment Co., Boston, Mass.
Oct. 19 filed 164,463 shares of common stock. **Price**—At market. **Proceeds**—For investment.

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.

Stonewall Insurance Co., Mobile, Ala.
Oct. 6 (letter of notification) 5,000 shares of common stock (par $20) to be initially offered for subscription by stockholders of record Oct. 15, 1954 on the basis of one new share for each three shares held; rights to expire on Nov. 1. **Price**—$40 per share to stockholders; and $41 to public. **Proceeds**—To increase capital and surplus for expansion of business. **Office**—154 Saint Louis St., Mobile, Ala. **Underwriters**—Sterne, Agee & Leach, Birmingham, Ala.; and Shropshire & Co., Mobile, Ala.

Stylon Corp., Milford, 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.

Superior Uranium Co., Las Vegas, Nev.
Sept. 1 (letter of notification) 29,910,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For development and exploration costs. **Office**—Medical Arts Bldg., Las Vegas, Nev. **Underwriter**—Uranium Brokers, Inc., the same city.

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.

Sytro Uranium Mining Co., Inc., Dallas, Texas
Sept. 9 (letter of notification) 2,975,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For exploration and development of properties. **Office** — 1406 Life of America Building, Dallas, Texas. **Underwriter** — Western Securities Corp., Salt Lake City, Utah.

Tacony Uranium Corp., Denver, Colo.
Aug. 17 (letter of notification) 1,700,000 shares of common stock. **Price**—10 cents per share. **Proceeds**—For exploration and development expenses. **Office** — 317 Railway Exchange Building, Denver, Colo. **Underwriter**—E. I. Shelley Co., Denver, Colo.

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. **Underwriter**—Gulf Atlantic, Inc., Tampa, Fla.

★ Television Electronics Fund, Inc., Chicago, Ill.
Oct. 15 filed 2,000,000 shares of common stock. **Price**—At market. **Proceeds**—For investment.

★ Temple Mountain Uranium Co.
Oct. 7 (letter of notification) 3,500,000 shares of common stock (par 2½ cents). **Price** — 3 cents per share. **Proceeds**—For exploration and development expenses. **Office**—39 Exchange Place, Salt Lake City, Utah. **Underwriter**—Walter Sondrup, same city.

● Templeton Growth Fund of Canada, Ltd. (10/26)
Oct. 1 filed 450,000 shares of common stock (par $1). **Price** — $21.50 per share. **Proceeds** — For investment. **Office**—Toronto, Canada. **Underwriter**—White, Weld & Co., New York.

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.

● Thompson-Starrett Co. Inc. (10/26)
July 29 filed 118,000 shares of cumulative convertible preferred stock (par $10) and 118,000 shares of common stock (par 10 cents. **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.

Thunderbird Uranium Co., Reno, Nev.
Aug. 3 (letter of notification) 1,800,000 shares of common stock (par 10 cents). **Price** — 15 cents per share. **Proceeds**—For mining activities. **Office**—206 N. Virginia St., Reno, Neb. **Underwriter**—Stock, Inc., Salt Lake City.

Trans Continental Uranium Corp.
Oct. 1 (letter of notification) 2,990,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For exploration and development costs. **Office**—358 S. 3rd St. East, Salt Lake City, Utah. **Underwriter**—Western Securities Corp., same city.

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.

Uintah Uranium, Inc., Salt Lake City, Utah.
Oct. 5 (letter of notification) 15,000,000 shares of common stock (par one cent). **Price**—Two cents per share. **Proceeds** — For exploration and development costs. **Office**—424 Judge Bldg., Salt Lake City, Utah. **Underwriter**—James E. Reed Co., same city.

Union Compress & Warehouse Co.
June 25 (letter of notification) 30,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—To 35 selling stockholders. **Office** — Memphis, Tenn. **Underwriters**—Leftwich & Ross and Mid-South Securities Co., both of Memphis, Tenn.

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.

★ U. S. Mercury Corp., N. Y.
Oct. 14 (letter of notification) 298,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For exploration of mercury. **Office**—40 Exchange Place, New York 5, N. Y. **Underwriter**—Greenfield & Co., Inc., same city.

Universal Petroleum Exploration & Drilling Corp.
Oct. 4 (letter of notification) 300,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For cost of Driller Boy (drilling equipment which company rents out), and working capital. **Office**—c/o Edwin J. Dotson, attorney-at-law, Simon Bldg., 230 Fremont St., Las Vegas, Nev. **Underwriter**—Robert B. Fisher Investments, 510 South Fifth St., Las Vegas, Nev.

Upper Peninsula Power Co. (10/27)
Oct. 7 filed 30,625 shares of common stock (par $9) to be offered for subscription by common stockholders of record Oct. 26 at the rate of one new share for each eight shares held; rights to expire Nov. 10. **Price**—To be supplied by amendment. **Proceeds**—To purchase stock of Upper Peninsula Generating Co. (a 50% owned affiliate) and for general corporate purposes, including

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company's construction program. **Underwriters** — Kidder, Peabody & Co. and Paine, Webber, Jackson & Curtis, both of New York.

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.

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 Mines, Inc., Wallace, Idaho
Oct. 1 (letter of notification) 1,450,000 shares of common stock (par five cents). **Price**—20 cents per share. **Proceeds**—For exploration and development costs. **Office**—Scott Bldg., Wallace, Idaho. **Underwriter**—Hunter Securities Corp., New York.

★ **Utaco Uranium, Inc., Salt Lake City, Utah**
Oct. 7 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For exploration and development costs. **Office**—420 Felt Building, Salt Lake City, Utah. **Underwriter**—Western Securities Corp., Las Vegas, Nev.

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.
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. **Office** — Fresno, Calif. **Underwriters** — Lester, Ryons & Co., Los Angeles, Calif.; and Bailey & Co., Fresno, Calif. **Offering**—Expected today (Oct. 21).

Venezuelan Sulphur Corp. of America
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. **Offering**—Expected today (Oct. 21).

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.

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.

★ **West Disinfecting Co.**
Oct. 15 (letter of notification) 7,100 shares of common stock (par 50 cents) to be offered to employees. **Price**—$14 per share. **Proceeds**—To selling stockholder. **Office**—42-16 West Street, Long Island City, N. Y. **Underwriter**—None.

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 Fire & Indemnity Co., Lubbock, Texas**
Oct. 18 filed 30,000 shares of common stock (par $10). **Price**—$25 per share. **Proceeds**—To establish reserve to qualify company to do business in States other than Texas. **Underwriter**—None.

Western Plains Oil & Gas Co.
May 24 filed 100,000 shares of common stock (par $1). **Price**—$4.75 per share. **Proceeds**—To redeem 1,250 outstanding preferred shares ($125,000), to repay bank loan, etc. ($2,500); for purchase or acquisition of additional mineral interests, leases and royalties in the United States and Canada and for other corporate purposes. **Office**—Glendive, Mont. **Underwriter**—Irving J. Rice & Co., St. Paul, Minn.

Willingham Finance Co., Inc., Augusta, Ga.
Oct. 6 (letter of notification) 15,000 shares of cumulative participating preferred stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Office**—917 Reynolds St., Augusta, Ga. **Underwriter**—Johnson, Lane, Space & Co., Inc., same city.

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. (10/26)
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). **Bids**—To be received up to 11 a.m. (EST) on Oct. 26 at Room 1306, 48 Wall St., New York 5, N. Y.

Woodbury (Conn.) Telephone Co.
Sept. 10 (letter of notification) 2,650 shares of common stock to be offered for subscription by stockholders of record Oct. 15, 1954 in 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) being 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.

★ **Yard-Man, Inc., Jackson, Mich. (11/8-12)**
Oct. 18 filed 160,240 shares of common stock (par $2). **Price**—$7 per share. **Proceeds**—To certain selling stockholders. **Business**—Manufactures hand and power lawn mowers, and related gardening equipment. **Underwriter**—Watling, Lerchen & Co., Detroit, Mich.

★ **Yardley Water & Power Co.**
Oct. 13 (letter of notification) 2,000 shares of common stock. **Price** — At par ($25 per share). **Proceeds** — For capital improvements. **Office**—50 West College Avenue, Yardley, Pa. **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. (10/22-26)**
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

★ **Aluminium, Ltd.**
Oct. 13 it was announced stockholders on Nov. 23 will vote on increasing the authorized capital stock from 10,000,000 shares (9,026,234 shares outstanding) to 20,000,000 shares (no par value) of which a part may be offered for subscription by stockholders. **Price**—It is expected that the proceeds will amount to approximately $40,000,000. **Proceeds**—For expansion program. **Dealer Managers**—In April, 1953, The First Boston Corp., A. E. Ames & Co., Ltd., and White, Weld & Co. managed a group of soliciting dealers to procure subscriptions for the shares. **Offering**—Probably early in 1955.

Anglo California National Bank
Oct. 6 this bank made an 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 Oct. 5; with rights to expire Oct. 27. **Price**—$45 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif. and others.

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.

Bangor & Aroostook RR.
Oct. 5 it was reported company plans to issue and sell $2,850,000 of equipment trust certificates to be dated Nov. 1, 1954 and to mature annually through Nov. 1, 1969. Probable bidders: Halsey, Stuart & Co. Inc.; R. W. Pressprich & Co.; Salomon Bros. & Hutzler; Blair & Co. Incorporated; Kidder, Peabody & Co.

Black Hills Power & Light Co.
Sept. 28 it was reported company may issue and sell approximately $1,000,000 of new convertible preferred stock. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—Dillon, Read & Co. Inc., New York. **Meeting**—Stockholders on Nov. 19 will vote on authorizing sale of not over $2,000,000 of preferred stock.

Byers (A. M.) Co.
Oct. 11, A. B Drastrup, President, announced that company plans to refinance the 42,277 outstanding shares of 7% preferred stock (par $100) through a new issue of preferred stock and possibly also include issuing additional common stock. **Proceeds**—To retire existing preferred stock and for capital expenditures and working capital. **Underwriter**—Previous preferred stock financing was handled by Dillon, Read & Co. Inc., New York.

California Bank, Los Angeles, Calif.
Sept. 28 stockholders of record Sept. 27 were given 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. and others.

★ **Campbell Soup Co.**
Oct. 18 it was announced that the Estate of John T. Dorrance, sole owner of the company, plans to sell publicly a part of its stockholdings. **Underwriter**—The First Boston Corp., New York.

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. (11/9)
Sept. 29 it was reported company plans to issue and sell $40,000,000 of new bonds. **Proceeds**—To refund its outstanding $37,851,000 3⅞% bonds and $2,441,000 4% bonds. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. **Bids**—Expected Nov. 9.

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).

Compo Shoe Machinery Corp.
Oct. 7 it was reported company may be planning the sale of a new issue of convertible preferred stock (par $25), first to stockholders. **Underwriter**—May be Loewi & Co., Milwaukee, Wis.

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. Public offering of $2,000,000 bonds expected early in 1955. **Underwriter** — Tellier & Co., Jersey City, N. J.

Continued on page 53

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Continued from page 57

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.

Fort Worth Steel & Machinery Co.
Oct. 5 it was announced a public offering is planned of 80,000 shares of common stock (par $1) to residents of Texas only. **Price**—Tentatively in the $10 to $11 range, subject to market conditions. **Proceeds**—To certain selling stockholders. **Underwriters** — Moroney, Beissner & Co.; Shawell & Co., Inc.; Underwood, Neuhaus & Co.; Chas. B. White & Co.; Eppler, Guerin & Turner; and several other Texas firms.

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.

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.

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.
Oct. 7 preferred stockholders approved a proposal to increase 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.

Illinois Central RR. (12/15)
Oct. 12 it was reported company plans to issue and sell $18,000,000 of sinking fund debentures due 1979. **Proceeds**—Together with treasury funds to redeem 372,914 shares of outstanding preferred stock (par $50). **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Harriman Ripley & Co. Inc. and Union Securities Corp. (jointly); Morgan Stanley & Co. **Bids**—Expected on Dec. 15.

Interstate Power Co. (11/30)
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. (jointly). **Registration** — Planned for Oct. 29. **Bids** — Expected Nov. 30.

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.
Oct. 4, D. E. Ackers, President, announced that the company plans to sell approximately $8,000,000 of bonds in the next few weeks. **Proceeds**—To repay bank loans and for construction purposes. **Underwriter**—Previous bond sale was done privately through The First Boston Corp.

Laclede Gas Co.
Aug. 6 it was reported company plans to issue and sell $20,000,000 of first mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; 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.

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.

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.

Missouri Insurance Co.
Sept. 28 it was reported that 202,320 shares of capital stock (par $5) will soon be publicly offered. **Proceeds**—To selling stockholders. **Underwriters**—A. G. Edwards & Sons, St. Louis, Mo., and R. S. Dickson & Co., Charlotte, N. C.

National Bank of Washington
See Hamilton National Bank above.

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 privately to finance a new midwestern plant to produce vinyl resins. **Underwriter**—F. Eberstadt & Co., Inc., New York, handled previous financing.

● **National State Bank of Newark (N. J.)**
Oct 19 stockholders approved among other things, an offering to stockholders of 25,000 additional shares of capital stock (par $25) on the basis of one new share for each four shares held on Oct. 19; rights to expire Nov. 9. This follows a 4-for-1 stock split-up and receipt of 25% stock dividend. **Price**—$80 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Clark, Dodge & Co.; Union Securities Corp. and Adams & Hinckley.

New Orleans Public Service Inc. (12/14)
Oct. 1 it was announced company plans to offer for sale $6,000,000 of first mortgage bonds due 1984 in December of this year. **Proceeds**—For construction program. **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. **Registration**—About Nov. 5. **Bids**—Expected Dec. 14.

● **Peninsular Telephone Co.**
Oct. 20 stockholders were to vote on increasing the authorized preferred stock from 600,000 shares to 1,000,000 shares and the authorized common stock from 1,500,000 to 2,000,000 shares. **Underwriters** — Last financing was handled by Morgan Stanley & Co. and Coggeshall & Hicks. Not imminent.

● **Penn Fruit Co. (11/11)**
Oct. 15 it was announced stockholders approved a proposal to increase the authorized common stock from 850,000 to 2,000,000 shares in order to provide for a 2-for-1 stock split and approved a new issue of 100,000 shares of convertible preferred stock (par $50). In addition, five senior officers plan to sell 100,000 shares of their own holdings of common stock. **Underwriter**—Hemphill, Noyes & Co., New York. **Registration**—Expected today (Oct. 21).

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.

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.

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.

★ **Puerto Rico (Commonwealth of) (10/25)**
Bids will be received up to noon (EST) on Oct. 25 at the Government Development Bank for Puerto Rico, fiscal agent, for the purchase from the Commonwealth of $10,000,000 public improvement bonds, dated July 1, 1954, and due serially from July 1, 1955, through July 1, 1966. No further sale of bonds is contemplated until the latter part of next year.

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.

Southern Ry (10/28)
Oct. 11 it was announced company will up to noon (EST) on Oct. 28 receive at its office, 70 Pine St., New York 5, N. Y., bids for the purchase from it of $15,000,000 collateral promissory notes to be dated Nov. 1, 1954 and to mature annually from Nov. 1, 1955 to Nov. 1, 1964, inclusive. **Proceeds**—To finance purchase from Baltimore & Ohio RR. of its holdings in Southwestern Construction 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%.

★ **Union Tank Car Corp.**
Oct. 19 it was announced that an issue of 380,000 shares of capital stock (no par) will soon be offered to the public. **Proceeds**—To the Rockefeller Foundation, present owner of 480,000 shares. **Underwriters** — The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Beane.

United Dye & Chemical Corp.
Sept. 8 directors 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).

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Mutual Funds

By ROBERT R. RICH

TOTAL NET ASSETS of the 112 open-end members of the National Association of Investment Companies rose to $5,369,700,000 on Sept. 30, 1954, an increase of $417,800,000 over the June 30, 1954 figure of $4,951,900,000. During the 12 month period since Sept. 30 of last year, assets have increased a total of $1,512,325,000.

Sales of new shares during the third quarter amounted to $217,100,000, an increase of $32,600,000 over the preceding quarter's sales of $184,500,000. For the first nine months of this year, mutual fund sales totaled $592,223,000 compared with $511,637,000 for the similar period in 1953.

Repurchases of shares (redemptions) by the 112 open-end investment companies amounted to $107,300,000 during the third quarter as compared with $107,000,000 for the preceding quarter, the Association reported.

Total repurchases by the funds of their shares during the first nine months of this year amounted to $300,993,000 while during the comparable period of 1953, repurchases totaled $181,943,000.

"Data on mutual fund purchases and sales of portfolio securities have been collected only for the past six quarters," it was reported. "In each quarter the mutual funds have been purchasers of securities on balance."

During the third quarter of 1954, purchases of portfolio securities by the 112 open-end investment companies totaled $332,987,000 while the quarter's sales of portfolio securities amounted to $231,430,000, both figures being exclusive of transactions in U. S. Government securities.

Third quarter purchases for portfolio increased slightly over the second quarter total of $327,193,000, while portfolio securities sales decreased from the $253,185,000 total for the second three-month period of 1954.

Securities purchases for portfolio during the first nine months of this year have amounted to $974,919,000, exceeding by $263,934,000 portfolio securities sales of $710,985,000.

Cash, U. S. Government securities and short-term bonds held by the 112 Mutual Funds on Sept. 30 amounted to $285,893,000, an increase of $11,525,000 over the June 30 holdings, but a decrease from 5.5% of assets on June 30 to 5.3% of assets on Sept. 30.

During the third quarter, $49,657,000 was paid to shareholders as dividends from investment income and $14,013,000 was distributed from net realized profits on the sale of portfolio securities. Investment income distributions for the entire year 1953 amounted to $173,645,000 and payments from realized securities profits were $63,621,000.

Capital gains distributions, if made, are generally paid at the close of a mutual fund's fiscal year. Since most open-end companies' fiscal years end during the last quarter, the bulk of capital gains distributions are generally made during the last three months of the calendar year.

THE JOHNSTON Mutual Fund Inc. reports net assets on Sept. 30, 1954 of $3,092,833.47, equivalent to $35.61 per share. This compares with $2,224,319.99 and $29.61 per share on Sept. 30, 1953.

SOVEREIGN INVESTORS reporting as of Sept. 30, 1954 shows record high figures in total net assets, number of stockholders and shares outstanding. Assets were $1,031,488.88 compared with $683,541.21 Sept. 30, 1953 or a net gain of more than 50% for the period.

DIVERSIFIED GROWTH Stock Fund, Inc., mutual fund investing in growth stocks, reports net assets of $9,797,964 on Sept. 30, 1954 compared with $8,580,346 a year earlier. Net assets per share were $9.37 compared with $6.75, an increase of 38.8% over the year.

Two-thirds of the Fund's investments on Sept. 30 were in "atomic energy," chemical and drug, electronics, and oil and gas companies. Less than 6% of investment holdings were in Canadian securities.

PERSONAL PROGRESS

DR. C. CANBY BALDERSTON, one of the original trustees of Rittenhouse Fund, has resigned as trustee to assume his duties as a Governor of the Federal Reserve Board.

Samuel B. Jones, Vice-President of Fire Association of Philadelphia, has accepted his place as a trustee. Mr. Jones has for many years been in charge of the large investment assets of his institution. He is a Past President of the Philadelphia Financial Analysts Association and the National Federation of Financial Analysts Societies.

STOCKHOLDERS of The Lehman Corporation at their annual meeting held in New York on Oct. 20 reelected as directors: Arthur H. Bunker, Curtis E. Calder, J. Herbert Case, Lucius D. Clay, Clarence Francis, I. J. Harvey, Jr., Thomas A. Morgan, B. Earl Puckett, Alexander Sachs, Harold V. Smith and the following seven partners of Lehman Brothers: Robert Lehman, William S. Glazier, Monroe C. Gutman, Wm. J. Hammerslough, John M. Hancock, Paul E. Manheim and Paul H. Mazur.

Alvin W. Pearson and Dorsey Richardson, Vice-Presidents of the corporation, were also reelected as directors. Of the total of 4,206,233 shares outstanding, over 77% were represented in person or by proxy at the meeting.

New Fund Seeks Over-the-Counter Stocks

Special Investment Shares, a new class of Managed Funds, holdings of which will be invested in "special opportunities" rather than in the "top companies," is being offered by Managed Funds, Inc.

This was announced here yesterday by Hilton H. Slayton, President of Managed Funds which is sponsored by Slayton & Company and Mutual Fund Distributors, Inc. Mr. Slayton said holdings of the new fund will emphasize investment opportunities offered by the following situations:

(1) Firms with new products and processes revolutionizing depressed industries.

(2) Young, relatively obscure companies out-performing their industry leaders.

(3) Old, moribund concerns revitalized by new managements and new developments.

(4) Mergers, reorganizations and liquidations.

(5) Special circumstances expected to correct a condition of under-valuation.

"Special Investment Shares, as its name implies, will offer its shareholders the kinds of securities that many professional investors would buy for themselves," Mr. Slayton said.

"This is in contrast," he added, "to many diversified mutual funds—like our own General Industries Shares — which are designed to serve the basic needs of most investors.

"Let me make clear, though, that never — under any circumstances—will we purchase securities believed by the management to be purely speculative promotional ventures. What we're seeking for this new class are securities offering above average opportunities."

"It's not too difficult to identify the leaders of today," Mr. Slayton continued. "What we will be searching for are the leaders of tomorrow. The securities of many such companies are not listed on any stock exchange but are traded over-the-counter. Consequently, a substantial percentage of Special Investment Shares will probably be in unlisted issues."

Mr. Slayton noted that more than 25,000 securities are currently traded over-the-counter, many more than are listed on the nation's stock exchanges. He pointed out that these include a great many public utility issues, the bulk of foreign securities, a host of industrials and practically all of the country's bank and insurance stocks.

Special Investment Shares will be invested primarily in common stocks, he said, although bonds and preferred stocks may be held on occasion.

He added that consideration will also be given to foreign securities, including those of Canada.

Managed Funds, Inc. now has total assets of more than $27 million.

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DIVIDEND NOTICE

TOBACCO AND ALLIED STOCKS, INC.
DIVIDEND NOTICE

The Board of Directors on the date below, declared a dividend of $.75 per share on the $5.00 par value capital stock of this corporation, payable November 9, 1954 to stockholders of record at the close of business October 29, 1954. Transfer books will remain open. Checks will be mailed.

G. C. SCHEUERMANN, *Treasurer*

October 18, 1954

DIVIDEND NOTICES

ALUMINIUM LIMITED

DIVIDEND NOTICE

On October 13, 1954, a quarterly dividend of fifty cents per share in U. S. currency was declared on the no par value shares of this Company, payable December 4, 1954, to shareholders of record at the close of business October 27, 1954.

Montreal — *JAMES A. DULLEA*
October 13, 1954 — *Secretary*

COMMON STOCK DIVIDEND

The Board of Directors of Central and South West Corporation at its meeting held on October 19, 1954, declared a regular quarterly dividend of thirty-three cents (33c) per share on the Corporation's Common Stock. This dividend is payable November 30, 1954, to stockholders of record October 29, 1954.

LeROY J. SCHEUERMAN,
Secretary

CENTRAL AND SOUTH WEST CORPORATION
Wilmington, Delaware

RIVER BRAND RICE PRODUCTS

RIVER BRAND RICE MILLS, INC.

33rd Consecutive Quarterly Dividend

The Board of Directors declared a quarterly dividend of 30¢ per share plus an extra of 15¢ per share, both payable November 1, 1954 to Stockholders of Record Oct. 8, 1954.

B. C. HEMMER,
Secy. & Treasurer

September 16, 1954.

R. J. REYNOLDS TOBACCO COMPANY

Makers of
Camel, Cavalier and Winston cigarettes
Prince Albert smoking tobacco

Quarterly Dividend

A quarterly dividend of 60c per share has been declared on the Common and New Class B Common stocks of the Company, payable December 6, 1954 to stockholders of record at the close of business November 15, 1954.

W. J. CONRAD,
Winston-Salem, N. C. *Secretary*
October 14, 1954

DIVIDEND NOTICES

HOOKER ELECTROCHEMICAL COMPANY

$4.25 Cumulative Preferred Stock Dividend

The Board of Directors of Hooker Electrochemical Company on October 13, 1954 declared a quarterly dividend of $1.0625 per share on its $4.25 Cumulative Preferred Stock, payable December 30, 1954 to stockholders of record as of the close of business December 3, 1954.

Cumulative Second Preferred Stock, Series B Dividend

The Board of Directors of Hooker Electrochemical Company on October 13, 1954 declared a quarterly dividend of $1.05 per share on its Cumulative Second Preferred Stock, Series B, payable December 30, 1954 to stockholders of record as of the close of business December 3, 1954.

Common Stock Dividend

The Board of Directors of Hooker Electrochemical Company on October 13, 1954 declared a quarterly dividend of Sixty Cents ($.60) per share on its Common Stock, payable November 30, 1954 to stockholders of record as of the close of business November 3, 1954.

ANSLEY WILCOX 2nd
Secretary

—*From the Salt of the Earth*— HOOKER CHEMICALS

SOUTHERN NATURAL GAS COMPANY

Birmingham, Alabama

Common Stock Dividend No. 63

A dividend of 40 cents per share has been declared on the Common Stock of Southern Natural Gas Company, payable December 13, 1954 to stockholders of record at the close of business on November 30, 1954.

H. D. McHENRY,
Vice President and Secretary.

Dated: October 20, 1954

Edison

Southern California Edison Company

DIVIDENDS

CUMULATIVE PREFERRED STOCK
4.08% SERIES
DIVIDEND NO. 19

CUMULATIVE PREFERRED STOCK
4.88% SERIES
DIVIDEND NO. 28

The Board of Directors has authorized the payment of the following quarterly dividends:

25½ cents per share on the Cumulative Preferred Stock, 4.08% Series;

30½ cents per share on the Cumulative Preferred Stock, 4.88% Series.

The above dividends are payable November 30, 1954, to stockholders of record November 5. *Checks will be mailed from the Company's office in Los Angeles, November 30.*

P. C. HALE, *Treasurer*

October 15, 1954

THE SOUTHERN COMPANY
(INCORPORATED)

The Board of Directors has declared a quarterly dividend of 20 cents per share on the outstanding shares of common stock of the Company, payable on December 6, 1954 to holders of record at the close of business on November 1, 1954.

L. H. JAEGER, *Treasurer*

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Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—Just in case all this Republican gloom is not solely public penance to appease the gods of fortune and it is really true that the GOP is going to get the stuffing knocked out of it the first Tuesday after the first Monday in November, this correspondent would like to do the post mortem or Monday morning quarterbacking before the game is finally played.

This is no prediction of the election result. Ever since 1948 there has been a notable humility not only among newsmen but among politicos about predicting the outcome of elections. Harry Truman proved to be a Wonder Boy in 1948, and nobody is guaranteeing that for sure Dwight D. Eisenhower might not fool 'em all and also be a Wonder Boy. There are certain things it isn't safe to predict, like an election, a woman's mood, or that the weather man's forecast is correct.

Nevertheless, the depression among GOP professionals is something pathetic to behold. That is, especially in private, of course. In private the Democrats show a calm confidence and a feeling that, except for the publicly sounding-off fatheads, why should you brag now? To ask your friend in the Republican politics business, "Joe, what do you think your chances really are?" is just about as welcome as asking a matron well established in society, was it true she was indiscreet at age 17? The resulting response is somewhat animated.

Talking to the peregrinating correspondents and politicos only confounds the confusion, because none of the pulse-sounders can touch elbows with more than a bouncing shadow of the people of the U. S. A., although it makes them feel more like honest men than those who stay desk-bound in Washington, D. C.

For instance you hear or read that McCarthy is surprisingly strong in certain areas but that this won't affect the election, and that it will; that Dwight D. has lost little of his popularity, but it won't rub off on the Members of Congress running locally, or that it will, and so on, *ad nauseam.*

Mid-Term Election Is Professional Affair

As to the Monday morning quarterbacking, however, the first point of reference is the fact that an election in mid-term, half way through a President's term, is largely a professional affair. This means it it a job of the professional politicians and their hangers-on, not an undertaking for the amateurs. Mid-term elections usually bring out lighter votes by far than Presidential years when more people get steamed up about more issues, imaginary or real. The President figures in a mid-term election, as a rule, only if he is exceptionally bad or unusually good.

And the normal mid-term trend is against the man who is at the time in the White House.

Ike Despises Professionals

So one of the first things to bear in mind is General Ike's feeling that professional politics is about of the caliber of door to door selling of brushes. It isn't just that Ike gives the party workers an inferiority complex. He isn't giving them aid and comfort, period. The mid-term election is often won by the party machine that does the most arduous, unglamorous work, like Theodore Roosevelt McKeldin, the Governor of Maryland, spreading campaign cards with his pictures in all the town houses and rural houses of Maryland.

General Ike has made it clear to the door bell ringers that he doesn't even think being a Republican is particularly important, notwithstanding representations to the contrary this election harvest moon time.

Confounds Patronage

Patronage — or perhaps more correctly — the hope springs eternal prospect thereof—is one of the main stimulants of the doorbell ringers. Nevertheless, the **Chief of Staff** to General Eisenhower (or if the election is a debacle the possibly "late Chief of Staff") Sherman Adams, has handled patronage with a cavalier disregard for the professionals and heavenly zeal for the promotion of the right kind of men, including those without "reactionary philosophies," to government jobs.

So one doesn't have to travel from Portland, Me., to Miami, or from Seattle to Los Angeles, to gather the fact that the President's amateur strategists have knocked the props out from under a professional political operation at the very time when the success of the Republican party depends upon professionals. The snafu on patronage has been written here too often to need repetition.

Confounds Republicans

Finally, the President has confounded most Republicans in the know, even if back in the the country they have not got altogether wise to the fact that with each month that has elapsed since Senator Taft's death, the President has been more pre-occupied with what the government can do for the people than with what the people can do for themselves.

Draw up a chair, and sit down, figuratively speaking, to the customary lecture you will get from the Eisenhower entourage. Here it is:

The Republican party can never get any where except upon a broad base. It's got to appeal to labor and forward looking groups, if it ever hopes to stay in power. The Taft appeal was too narrow. "The Times Have Changed. You Can't Turn the Clock Back." The people look to the government to protect their jobs and their wages. The Republican party will never get any where until it accepts that responsibility.

The Final Clincher in this lecture is to dismiss the GOP conservatives as members of the "Taft Wing," as though they were some kind of a lunatic fringe, a decimated and unimportant fragment of the party. It is beside the point to these "forward looking" men that the Republican party during 20 years of office-holding drought thought preponderantly like the "Taft Wing." From the viewpoint of those momentarily in the saddle, it's good politics to call all GOP conservatives, "Taft Wingers." In that way you deride their misgivings about the beautifully unsound "social security," less down and more on the cuff housing finance, etc., etc., etc., etc.

What is good politics to get "liberal" legislation through Congress, however, is not necessarily good politics in getting Republican Congressmen elected or re-elected. It may be all right to whip conservatives with a scathing "Taft Wing" denunciation to cow their opposition to a Republican New Deal. It is another thing to fire the enthusiasm and desire to work to win, those millions who were Republicans for 20 years before Dwight D. Eisenhower discovered and for sure that he was one, too.

One of the plain post-mortems of next Nov. 2, therefore, will be that Dwight D. Eisenhowever failed as dismally to inspire the "Republicans before Eisenhower" as he failed to inspire the Republican party political machine. This is the sum and substance of "Republican apathy," the apathy the Republican leaders admit. They can call it ingratitude of people for wonderful things done, but to many it will appear that *en toto* Mr. Eisenhower failed to arouse among Republicans the belief that there was something very much to gain by working for a GOP Congress, or something very much to lose if the Democrats won.

So the hope of a GOP victory is that Mr. Eisenhower personally is so popular he can sweep all before him on the basis of his great charm.

"Department of Urbiculture"

One of the consequences of Beneficient Government is the creation of lobbies to further the objects of Federal expenditure. There is, for instance, the public power lobby, whose power is great. Another consists of the housing officials of cities.

The latter, among others, are sponsors of a bill to create a "Department of Urbiculture." This is not for the purpose, as it might sound, of sponsoring the growing of flowers and vegetables in apartment house window boxes. The bill, as is the custom of broad proposals of a welfare character, has Congress stating a resounding "finding of fact." This one:

"The Congress finds that many of the most pressing problems facing the people of the United States grow out of the lack of knowledge and understanding of proper techniques in utilization of urban land, and that there is a corresponding national interest in the development of the science of urbiculture. Recognizing the invaluable contribution made by the Department of Agriculture in promoting increasingly efficient use of farm lands, the Congress enacts this Act in order to provide a corresponding executive department to develop methods of dealing with pressing social, economic, and civic problems growing out of inadequate knowledge of the principles of using and developing urban lands, and to make those methods available to the people of the United States through suitable educational programs."

So "urbiculture" is the science of using city land. The Federal Government would find out on what kind of city soil you plant a multi-family housing project, and on what kind you insure loans for houses costing $8,000 or less.

Would this cost anything? Why, never, of course. It is just, as the bill says, to be "educational" and "research." It is assumed that there is no thought of boosting slum clearance, public housing, or other present subsidies.

(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.)

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